

Comprehensive Annual Financial Report



CITY OF ARCHDALE
NORTH CAROLINA

For The
Fiscal Year Ended
June 30, 2010

Prepared by the
City of Archdale
Finance Department



CITY OF ARCHDALE, NORTH CAROLINA

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October 5, 2010

To the Honorable Mayor Bert Lance-Stone,
Members of the City Council, and
Citizens of the City of Archdale

The Comprehensive Annual Financial Report of the City of Archdale, North Carolina for the fiscal year ended June 30, 2010 is presented herewith for your review. This report is presented by the management of the City of Archdale, which is responsible for the completeness and reliability of the information included in this report.

Chapter 15 of the North Carolina General Statutes, the Budget and Fiscal Control Act, requires that units of local government have their accounts audited by a certified public accountant as soon as possible after the close of each fiscal year. The required report shall have a complete set of financial statements prepared in accordance with generally accepted accounting principles, all disclosures in the public interest required by law, and the auditors' opinion and comments relating to the financial statements. The audited financial report is submitted to the Local Government Commission (LGC), which is established by statute to oversee local government financial affairs. The LGC approves all audit contracts and subsequent payments of audit fees for audits of local government units. The LGC is authorized to issue rules and regulations concerning such audits.

The City's financial position and results of operations reported in the government-side and fund financial statements and notes to the financial statements have been audited by the independent, certified public accounting firm of S. Preston Douglas & Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended

June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based on the audit, that there was reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the year ended June 30, 2010 were presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

DESCRIPTION OF THE CITY

Archdale is conveniently located with City limits adjoining the City of High Point and just 12 miles down I-85 from the City of Greensboro, giving the City a partly urban and partly rural character. Archdale is located primarily in Randolph County, with a portion extending into Guilford County. These counties are part of the Piedmont Triad region, with the Blue Ridge Mountains about 100 miles to the west and the Atlantic Ocean within 200 miles to the east. Randolph County is home to the North Carolina Zoological Park, the Uwharrie National Forest, and internationally known Seagrove area potteries. The area's economic base is transitioning to technology and value added manufacturing.

The community is home to several large organizations. Examples include the corporate offices of Sealy, Inc. and Thomas Built Buses, the largest supplier of school buses in the world. Other businesses, including Hafele America Company and Hubbell Industrial Controls, Inc. are located in our two industrial parks. Archdale is also home to several furniture manufacturing companies, two of which are Stickley Fine Furniture and United Furniture Industries.

One of the most appreciated aspects of the City is Creekside Park, a 100+ acre City Park which includes ball fields, playgrounds, tennis courts, greenways and a disc golf course. Also located in the expansive Creekside Park campus, are the Archdale Public Library, the Senior Center, and the Archdale campus of Randolph Community College. Several annual events are sponsored by the Archdale Parks and Recreation Department at Creekside Park, including Fabulous Fourth of July, Halloween Carnival, Creekside Christmas, and an Easter Egg Hunt. The City also is a sponsor for Archdale-Trinity Chamber of Commerce's Bush Hill Heritage Festival held each September. In addition, the Grubb Family YMCA opened in Archdale on May 28, 2010.

The North Carolina General Assembly enacted legislation in 2007 that provides counties authority to levy an additional .025% sales and use tax upon the favorable vote of the residents of the county. Randolph County voters approved a 1/4¢ sales tax increase effective July 1, 2010 for the benefit of Randolph Community College. In addition, the College is the recent recipient of two grants to support additional vocational training capacity. Duke Energy awarded a \$248,222 to establish a welding program at the Archdale campus and Golden Leaf Foundation awarded \$200,000 to purchase machining equipment for its expanded machining technology program.

Archdale is proud of the quality of education offered by the area schools and boasts several schools that have achieved the status of “School of Excellence”. Wheatmore High School opened in mid-fall 2009 to ease the enrollment pressures of Trinity High School. There are several institutions of higher education within easy access of Archdale. The University of North Carolina at Greensboro, North Carolina A & T University, and Greensboro College are all located in Greensboro. Also nearby are Guilford College (15 miles), High Point University (10 miles), two campuses of Guilford Technical Community College (in Jamestown and High Point), and the previously mentioned campus of Randolph Community College located at Creekside Park. The Piedmont Triad Region is home to 13 major colleges and universities.

Medical facilities include High Point Regional Hospital and Health System, which is located just 7 miles away in downtown High Point. Cornerstone Health Care and its wide-ranging medical services have various facilities located in both High Point and Archdale. Moses H. Cone Memorial Hospital is located in Greensboro, and internationally-recognized Wake Forest University Baptist Medical Center is just 25 miles away in Winston-Salem. In addition, Duke University Hospital in Durham and UNC Memorial Hospital in Chapel Hill are located a mere one-hour drive away.

Fire protection, rescue services and EMT aid is provided by Guil-Rand Fire Department, a nonprofit fire protection association. Guil-Rand Fire Department’s service to the City of Archdale has earned a Class 4 rating from the North Carolina Division of Insurance-Office of State Fire Marshall.

PROFILE OF THE GOVERNMENT

The City operates under a Council-Manager form of government. The Council is the policy-making and legislative body of City government and includes a Mayor and six Council members. One Council member is elected from each of the City’s four wards and two Council members are elected at-large. Members serve four-year staggered terms. The Mayor is elected to serve a two-year term. The Mayor Pro-Tem is selected by the Council to serve a term concurrent with the Mayor. The Mayor is the presiding officer of the Council and votes only when a Council vote results in a tie.

The City Manager is appointed by the Council as the Chief Executive Officer and is responsible for carrying out the policies and ordinances of the Council. The Manager appoints department directors to assist with the administration of the daily operations and programs of the City.

The City of Archdale provides a number of services for its citizens including: police protection, garbage and recyclable materials collection, cultural/recreational activities, street maintenance, leaf and limb collection and planning and zoning. The City operates two enterprise funds, one for water distribution and waste water collection and another one for stormwater services.

ECONOMIC CONDITION AND OUTLOOK

Archdale and the surrounding region are facing some of the same challenges from the economic downturn as the rest of the country. Growth and employment are slow to rebound throughout the nation's economy. The unemployment rate locally is slightly higher than the 9.8% not seasonally adjusted rate for North Carolina.

As mentioned previously, the City of Archdale is located in the Piedmont Triad along I-85 and U.S. 311 in the northwest corner of Randolph County and the southwest corner of Guilford County. The City is adjacent to the cities of High Point and Greensboro, and over one million people reside within a 30-mile radius of the City. Archdale is approximately 18 miles from Piedmont Triad International Airport. The next phase of the new interstate (I-74), which will connect to I-85, is within one-quarter (1/4) mile of the City and is expected to be completed on December 1, 2010. When completed this interstate will provide even easier access to Piedmont Triad International Airport and to other Interstate Highways such as I-95 and I-77.

The Randolph County Economic Development Corporation (EDC), a non-profit organization, uses public and private funds to promote Randolph County's economic future. The EDC works with new and existing industries for the creation of new jobs, expanded tax base and a stronger local economy. The EDC recently filed an application with the NC Rural Center for the Building Reuse and Restoration Grants Program on behalf of the City of Archdale to up fit a vacant warehouse for proposed new tenant. Randolph County and the City of Archdale pledged \$20,000 matching funds. This project is expected to add 71 jobs to the local economy.

The High Point Furniture Market is a twice-a-year event that provides a substantial boost to the local economy. Home furnishing buyers, sellers and support personnel from every state and from 110 foreign counties visit the 12 million square feet of exhibit space for the introduction of new products, styles, finishes and concepts by national and international furniture manufacturers.

The City has 2.5 million-gallons-per-day (MGD) wastewater capacity in High Point's Eastside Wastewater Treatment plant of which we currently use 1.0 MGD. Archdale is participating with the City of Trinity in an engineering feasibility study for a new wastewater treatment plant. The city is a member of Piedmont Triad Regional Water Authority (PTRWA), and will ultimately have 2.2 MGD capacity in the John Kime Water Treatment Plant. The Plant began supplying Archdale with water on October 4, 2010. The City currently has contracts in place to purchase a total of 950,000 gallons per day from PTRWA. Archdale's contract with PTRWA is for 700,000 gallons per day and a contract with Randolph County provides 250,000 gallons per day. The City also maintains its water connection with the City of High Point and Davidson Water, Inc., both of which sold water to Archdale prior to the completion of the PTRWA water plant.

INITIATIVES

Archdale's solid waste contractor has been supplying 95-gallon garbage and recycling carts for customers for three years. Residents recycled 23% of their waste materials in the fiscal year just ended compared to 9% in the final year of having smaller recycling bins. Management's goal is to maintain or reduce the user fees paid by customers for these services and to promote environmental stewardship. The City contracts with a private recycling company that pays a variable market rate for our recyclables and processes the material for reuse.

The City recently completed the NC 62 Corridor Access Study. We have now turned our focus toward implementing the study. Relocating Weant Road for safety purposes was the top priority from the study, and the City is now working with a consultant on a feasibility study on relocating Weant Road. With the assistance of the NCDOT and High Point MPO, we hope to complete the study and find funding to expedite Weant Road's relocation. The City has also updated its Future Land Use and Pedestrian Network Plans. These plans are analyzed every 3-5 years to ensure they are current and consistent with the latest growth trends. Using the updated Pedestrian Network Plan as a guide, we have recently secured a grant from the NCDOT to build a sidewalk along Balfour Drive. We also are looking to expand our sidewalk system along Main Street to provide additional connectivity to Creekside Park. The City has also provided data to the Census Bureau as needed for their decennial count.

The City began work on a communication technology improvement project for public safety. The installation of computer aided dispatch software will allow for information to be automatically uploaded to both the dispatcher's screen as well as the police department's records management system. Additionally, a mobile field reporting component will enable police officers to complete and submit reports from the computers in their vehicles. Once submitted, a supervisor will be able to electronically sign the report and submit to the records division. The result of the upgrade will be increased officer safety as well as increased efficiency and effectiveness of both our communications and patrol staff. In order to implement this project, we have been working closely with the

City of High Point, North State Communications, Century Link, and OSSl Sungard. Currently, all of the components of the system are being tested, and is expected to “go-live” in November of 2010.

A Communication and Technology Information Specialist position was added in fiscal year 2011. One of the primary functions of this position will be to monitor and review the City’s technology equipment systems and ensure that the City is implementing best practices for efficient and secure work processes.

Archdale was the recipient of a \$464,469 grant from the North Carolina Parks and Recreation Trust Fund (PARTF) for improvements to Creekside Park. The PARTF program provides dollar-for-dollar matching grants to local governments. A new restroom building, eight holes of the disc golf course, greenway trail, parking lot, and road improvements were completed in fiscal year 2009. The pedestrian bridge, providing access to the completed disc golf course, as well as renovations to the T-ball field were completed this year. The City was granted an amendment to the project scope for this grant, allowing the park entrance to be realigned and improved as well as new signage and landscaping for the entrance. In order to complete the increased project scope, we were granted a six-month extension to complete the grant funded work. The grant will be closed out by December 30, 2010.

Renovations of the existing public works facility as well as construction of a new equipment shelter were completed this summer. The building now contains office and conference space, as well as an updated area to service and repair equipment. A maintenance facility at Creekside Park was also completed this summer.

FINANCIAL INFORMATION

Debt Management: The current bond rating for the City’s general obligation debt by the North Carolina Municipal Council is 81. Governmental activities have been primarily funded on a pay as you go basis. Council has managed its fund balance to provide for future projects, such as the required local match for the PARTF grant. The City financed the construction of the new maintenance facility at the Creekside Park and the renovation and construction of the maintenance facility for the Public Works Department to take advantage of the currently available favorable interest rates. The City regularly uses debt to finance water and sewer infrastructure improvements.

Long-Term Financial Planning: Capital Improvement Plans are updated annually for each governmental activity. Currently, these plans extend for a period of five years and include improvements with a useful life span of one year or more and a purchase price of \$5,000 or greater. The general fund plan for 2011 through 2015 lists projects totaling over \$7,000,000. Included in this plan are a new City hall building as well as parks and recreation projects for which additional PARTF grant funding will be sought. These

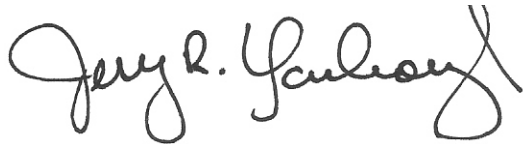
projects include purchase of property and development of neighborhood parks; continuation of greenway trails; and improvements to Creekside Park. The Water and Sewer Fund Capital Improvement Plan includes system expansion projects for future development, equipment needs and Archdale's share of capital improvements for the Eastside Wastewater Treatment Plant as approved by the City of High Point. Each year as part of the annual operating budget, the City also adopts the current year portion of a long-term capital plan.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Archdale for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the fifth CAFR prepared for the City of Archdale. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements.

We acknowledge the dedicated, talented and skilled City employees and thank them for their service to the citizens of Archdale. We also express our appreciation to the Mayor, City Council and members of our boards and committees for their dedication and leadership.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jerry Yarborough". The signature is fluid and cursive, with a large, stylized "Y" and "B".

Jerry Yarborough
City Manager

A handwritten signature in black ink, appearing to read "Lori Nurse". The signature is cursive and elegant, with a large "L" and "N".

Lori Nurse
Finance Director

PRINCIPAL OFFICIALS



Members of City Council

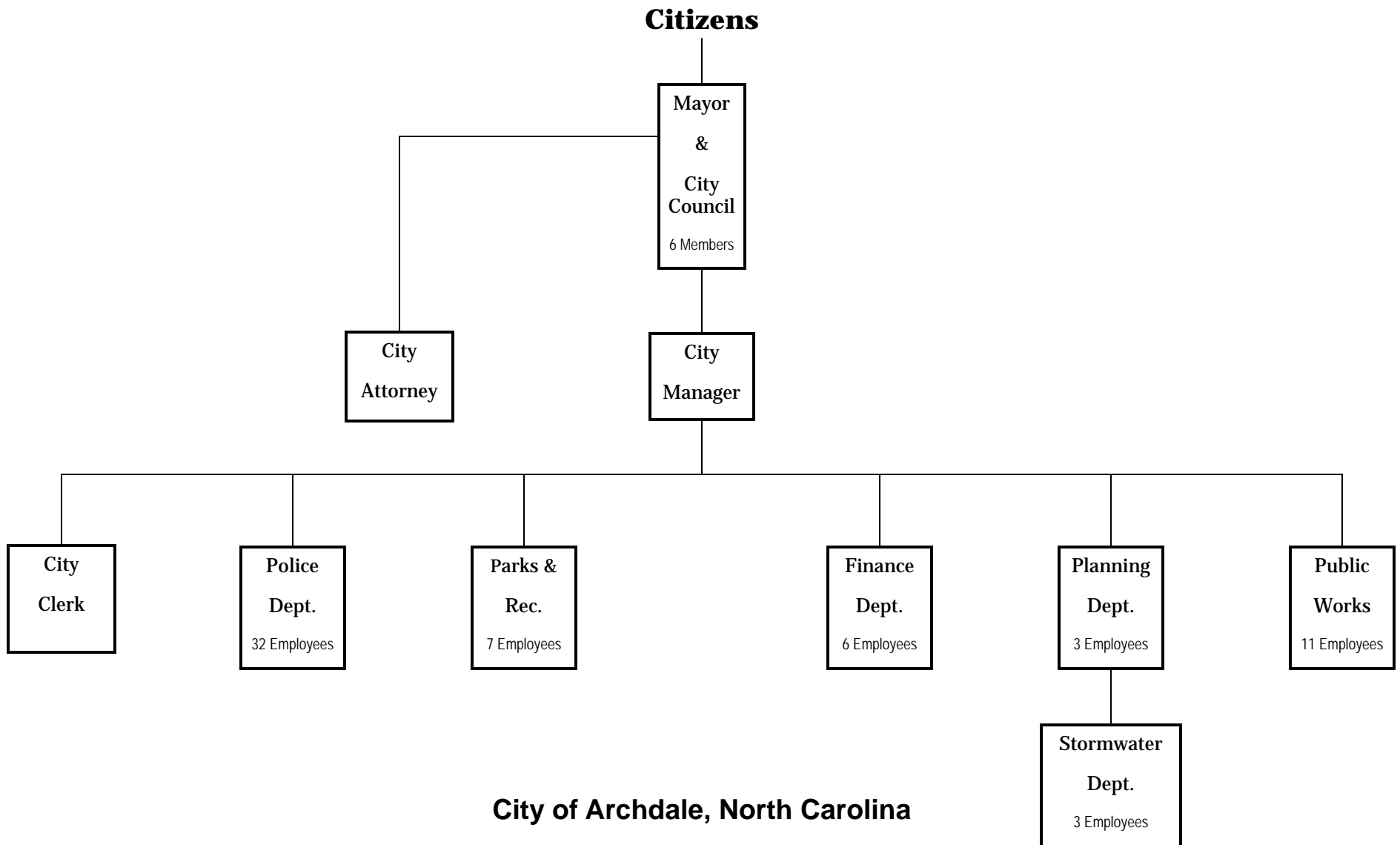
From left to right seated:

Eddie Causey, Mayor Bert Lance-Stone,
Tim Williams.

From left to right standing:

Larry Warlick, Roger Blackwell, Lewis
Dorsett, Robert (Trey) Gray.

Bertha Lance-Stone.....	Mayor
Jerry Yarborough	City Manager
William Miller	City Attorney
Patsy Dougherty	City Clerk
Lori Nurse	Finance Director
Darrell Gibbs	Chief of Police
Michael Shuler	Public Works Director
Jeffrey Wells.....	Planning Director
Elaine Albertson	Parks and Recreation Director



City of Archdale, North Carolina

Organizational Chart

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Archdale
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
Archdale, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Archdale's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining information of the City of Archdale, North Carolina as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October, 6 2010 on our consideration of City of Archdale's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 19 through 31, 82 through 83, and 84 through 85, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Archdale, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, as well as the schedule of ad valorem taxes receivable and analysis of current tax levy have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

S. Preston Douglas & Associates, LLP

October 6, 2010

Management's Discussion and Analysis

As management of the City of Archdale, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City of Archdale's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Archdale exceeded its liabilities at the close of the fiscal year by \$39,955,643.
- The government's total net assets increased by \$1,949,030 primarily due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, the City of Archdale's governmental funds reported combined ending fund balances of \$7,762,194 an increase of \$1,056,621 in comparison with the prior year. Approximately 80 percent of this total amount, or \$6,243,882, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,909,790 or 108 percent of total general fund expenditures for the fiscal year.
- The unreserved fund balance for the General Fund includes \$275,000 designated by City Council to be used for possible future economic development incentives and \$237,740 designated for subsequent year's expenditures.

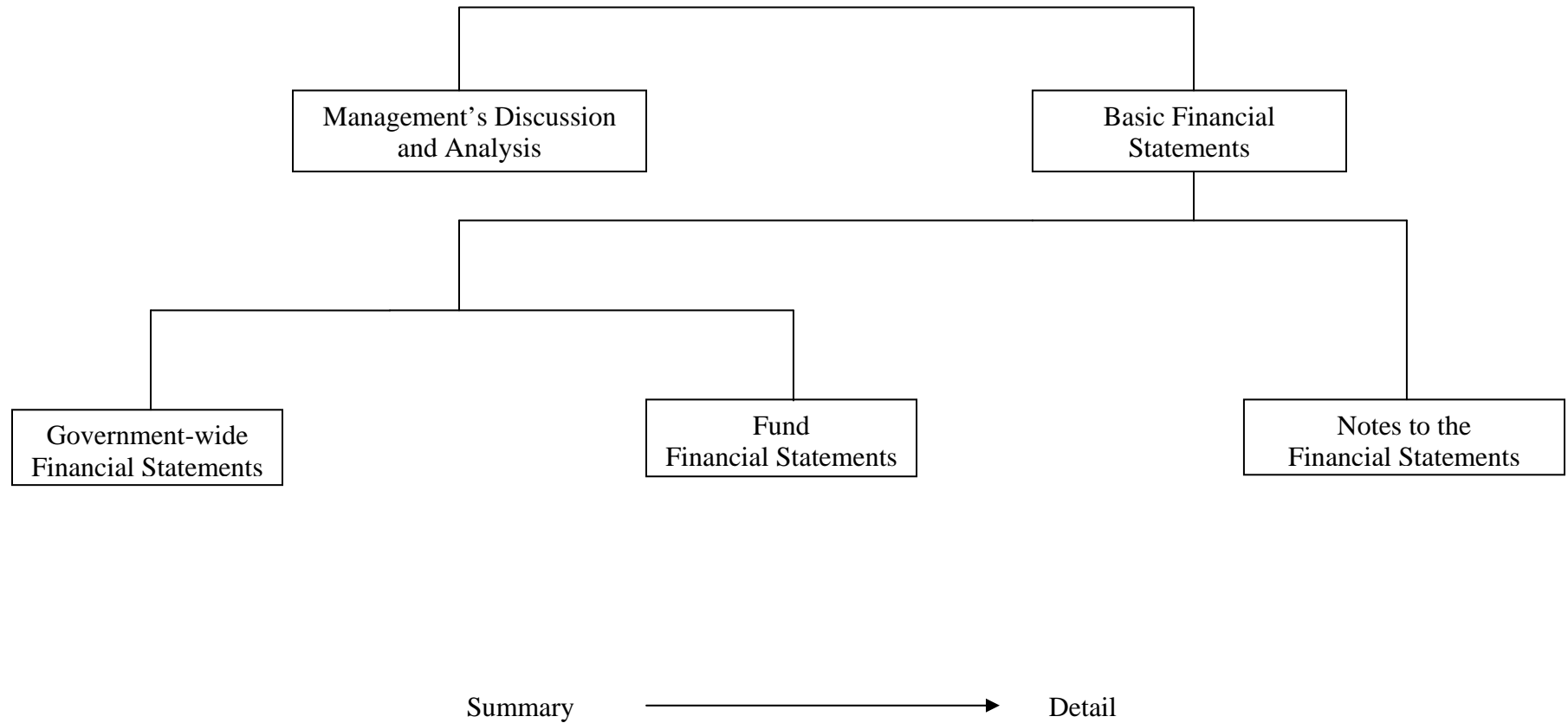
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Archdale's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Archdale.

Management's Discussion and Analysis

Required Components of Annual Financial Report

Figure 1



Management's Discussion and Analysis (Continued)

Basic Financial Statements

The first two statements (pages 34 through 37) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short- and long-term information about the City's financial status.

The next statements (pages 38 through 53) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gage the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include the City's basic services such as public safety, parks and recreation, solid waste collection and disposal, street maintenance, and general administration. Property taxes and user fees finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services offered by the City of Archdale as well as the stormwater enterprise.

The government-wide financial statements are on pages 34 through 37 of this report.

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Archdale, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Archdale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Archdale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – City of Archdale has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Archdale uses an enterprise fund to account for its water and sewer activity as well as its stormwater operation. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Management's Discussion and Analysis (Continued)

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 54 through 81 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Archdale's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 84 of this report.

Government-Wide Financial Analysis

The City of Archdale's Net Assets

Figure 2

Current and other assets	\$ 8,112,806	\$ 7,002,063	\$ 4,372,157	\$ 3,631,770	\$ 12,484,963	\$ 10,633,833
Capital assets	12,334,233	11,284,886	23,861,027	24,121,219	36,195,260	35,406,105
Total assets	<u>20,447,039</u>	<u>18,286,949</u>	<u>28,233,184</u>	<u>27,752,989</u>	<u>48,680,223</u>	<u>46,039,938</u>
Long-term liabilities outstanding	1,159,531	253,801	6,074,286	6,586,803	7,233,817	6,840,604
Other liabilities	672,912	457,039	817,851	735,682	1,490,763	1,192,721
Total liabilities	<u>1,832,443</u>	<u>710,840</u>	<u>6,892,137</u>	<u>7,322,485</u>	<u>8,724,580</u>	<u>8,033,325</u>
Net assets:						
Invested in capital assets, net of related debt	11,057,050	11,065,349	17,291,610	17,033,149	28,348,660	28,098,498
Restricted	842,190	649,045	-	-	842,190	649,045
Unrestricted	6,715,356	5,861,715	4,049,437	3,397,355	10,764,793	9,259,070
Total net assets	<u>\$ 18,614,596</u>	<u>\$ 17,576,109</u>	<u>\$ 21,341,047</u>	<u>\$ 20,430,504</u>	<u>\$ 39,955,643</u>	<u>\$ 38,006,613</u>

Management's Discussion and Analysis (Continued)

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Archdale exceeded liabilities by \$39,955,643 as of June 30, 2010. The City's net assets increased by \$1,949,030 for the fiscal year ended June 30, 2010. However, the largest portion (71%) reflects the City's investment in capital assets (e.g. land, buildings, equipment, and machinery); less any related debt still outstanding that was issued to acquire those items. The City of Archdale uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the City of Archdale's investment in its capital assets is reported net of any outstanding related debt, the resources needed to repay these obligations must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Archdale's net assets (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,764,793 (27%) is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- Randolph and Guilford Counties bill and collect property taxes due to the City of Archdale. The percentage of the net levy collected was 98.4%.
- The national trend of lower property tax revenues did not have a significant impact in Archdale, with a \$25,588 decrease in total property tax revenue. The decrease is attributed to registered motor vehicles. The ad valorem tax rate remained at 29¢ per \$100 of assessed property value.
- Citizens continue to increase their use of the City's recycling collection program.
- Low employee turnover, with the exception noted below, and a commitment to employee continuing education.
- Three high-ranking police officers retired this year and position vacancies during the transition resulted in a one-time reduction of personnel costs.
- The City continued to make progress on parks and recreation improvement projects funded by a grant from the North Carolina Parks and Recreation Trust Fund, and the local match which was transferred into a capital project fund in a previous fiscal year.

Management's Discussion and Analysis (Continued)

The City of Archdale's Changes in Net Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 973,638	\$ 1,037,826	\$ 3,844,214	\$ 3,454,993	\$ 4,817,852	\$ 4,492,819
Operating grants and contributions	438,707	455,410	70,000	-	508,707	455,410
Capital grants and contributions	68,305	208,419	104,813	-	173,118	208,419
General revenues:						-
Taxes	4,193,774	4,281,186	-	-	4,193,774	4,281,186
Grants and contributions not restricted to specific programs	576,040	595,581	-	-	576,040	595,581
Unrestricted investment earnings	44,823	118,666	34,914	69,160	79,737	187,826
Other	123,927	73,684	(645)	-	123,282	73,684
Total revenues	6,419,214	6,770,772	4,053,296	3,524,153	10,472,510	10,294,925
Expenses:						
General government	602,118	702,448	-	-	602,118	702,448
Public safety	2,390,917	2,398,905	-	-	2,390,917	2,398,905
Public works	1,271,818	1,204,206	-	-	1,271,818	1,204,206
Cultural and recreation	1,041,966	983,020	-	-	1,041,966	983,020
Community promotions	62,317	57,553	-	-	62,317	57,553
Interest on long-term debt	42,747	10,085	-	-	42,747	10,085
Water and sewer	-	-	2,839,700	2,442,785	2,839,700	2,442,785
Stormwater			271,897	232,013	271,897	232,013
Total expenses	5,411,883	5,356,217	3,111,597	2,674,798	8,523,480	8,081,015
Increase in net assets before transfers	1,007,331	1,414,555	941,699	849,355	1,949,030	2,263,910
Transfers	31,156	202,300	(31,156)	(202,300)	-	-
Increase in net assets	1,038,487	1,616,855	910,543	647,055	1,949,030	2,263,910
Net assets, July 1	17,576,109	15,959,254	20,430,504	19,783,449	38,006,613	35,742,703
Net assets, June 30	\$ 18,614,596	\$ 17,576,109	\$ 21,341,047	\$ 20,430,504	\$ 39,955,643	\$ 38,006,613

Management's Discussion and Analysis (Continued)

Governmental Activities: Governmental activities increased the City's net assets by \$1,038,487, thereby accounting for 53% of the total growth in the net assets of the City of Archdale. Key elements of this increase are as follows:

- Total ad valorem taxes remained level, despite a reduction for registered motor vehicles.
- A portion of Powell Bill Funds, generated from the State Gasoline Tax, is shared by municipalities through a formula based on population and street miles. The use of these funds is restricted to specific street-related expenses for non-NCDOT system streets. Archdale received \$269,100 and spent \$26,000 this year. Resurfacing projects were started after the end of the fiscal year.
- The Police Department's budget to actual variance of \$333,024 was primarily due to a one-time reduction of personnel costs because of the retirement of three officers and other position vacancies.
- A budgeted design project has been delayed.
- A \$203,081 addition to fund balance was included in the original budget, primarily to set aside a portion of matching funds for new grant projects associated with Archdale's Park Master Plan.
- The cost of solid waste disposal continues to decline as citizens improve their commitment to recycling.

Business-Type Activities: Business-type activities increased the City of Archdale's net assets by \$910,543, accounting for 47% of the total growth in the City's net assets. Key elements of this increase are as follows:

- Net assets in the Stormwater Fund increased by \$158,418 to \$341,935.
- The Water and Sewer Fund invested in capital assets, net of related debt increased by \$263,207.
- The City of High Point processes wastewater for Archdale. Archdale owns wastewater treatment rights at High Point's Eastside Treatment Plant.
- Archdale is a member of the Piedmont Triad Regional Water Authority (PTRWA). See Note IV in the notes to the financial statements for information about this joint venture.
- Water rates and sewer rates are evaluated with each budget and have increased in recent years.
- Both enterprise funds are self-supporting activities and net assets are to be used for future large projects, capital replacement and capital expansion requirements of the funds.

Management's Discussion and Analysis (Continued)

Financial Analysis of the City Funds

As noted earlier, the City of Archdale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Archdale's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Archdale's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Archdale. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,909,790, while total fund balance reached \$7,397,674. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 108% of total General Fund expenditures, while total fund balance represents 135% of that same amount.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding from external sources, such as state and federal grants; and (3) increases in appropriations that become necessary to maintain services.

The amendments to the City's budget for the fiscal year ended June 30, 2010 were made for the following reason:

- The construction projects for the Parks and Recreation Maintenance Facility and the Public Works Facility were appropriated in the original budget, but were moved to a capital projects fund.
- To participate in an economic development project for the expansion of a furniture manufacturer.
- Reduction of beer and wine tax revenue due to a one-time change in the distribution when the State of North Carolina adopted its budget.
- Add appropriation for a traffic planning study and increase revenue for reimbursement of the study expenses by the Department of Transportation and the local MPO.
- Purchase of land adjacent to Creekside Park.
- Record public donations and related appropriation for the police canine armor.
- Provide for roof inspection and repair at the Archdale Library.
- Provide support to a community organization.
- To replace police body armor that was nearing the expiration date.

Management's Discussion and Analysis (Continued)

Proprietary Funds: The City of Archdale's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund and Stormwater Fund at the end of the fiscal year amounted to \$3,727,601 and \$321,836 respectively. The growth in net assets in the Water and Sewer Fund was \$752,125. The Water and Sewer Fund budget was amended to finance the ownership transfer of real and personal property of a water system from Davidson Water, Inc. Other factors concerning the finances of been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The City of Archdale's investment in capital assets for its governmental and business-type activities as of June 30, 2010, totals \$36,195,260 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles. Not included in the value for capital assets is the infrastructure for the street system. New street construction valued in excess of \$100,000 will be added to the capital asset amounts should it occur in future years.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Property contiguous with Creekside Park.
- Purchase or replacement of vehicles in the Police Department.
- Mowers for Street Department and Parks and Recreation Department.
- Motorized bleachers and a new gym floor at Creekside Recreation Center.
- Compact vehicle for Planning Department zoning and inspections and general staff use.
- The disc golf course was completed including installation of a pedestrian bridge across the creek
- Renovation of a T-ball field.
- Construction in progress includes work on a new Creekside Park entrance, a park maintenance facility and public work maintenance facility.
- Technology upgrades for computer aided dispatch (CAD) in the Police Department.
- Water lines were added in the Water and Sewer Fund, including a line contributed by a private developer.
- A portable bypass pump was purchased for the Water and Sewer Department.

Management's Discussion and Analysis (Continued)

The City of Archdale's Capital Assets (net of depreciation and amortization)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 6,328,321	\$ 6,269,518	\$ 307,396	\$ 307,396	\$ 6,635,717	\$ 6,576,914
Construction in progress	1,086,661	114,455	-	-	1,086,661	114,455
Water rights	-	-	4,213,375	4,188,165	4,213,375	4,188,165
Water treatment rights	-	-	3,375,000	3,487,500	3,375,000	3,487,500
Buildings and systems	3,110,655	3,198,612	-	-	3,110,655	3,198,612
Improvements other than buildings	825,594	758,184	-	-	825,594	758,184
Equipment and vehicles	983,002	944,117	350,330	381,326	1,333,332	1,325,443
Water distribution system	-	-	4,131,283	3,912,590	4,131,283	3,912,590
Sewer distribution system	-	-	11,483,643	11,844,242	11,483,643	11,844,242
Total	\$ 12,334,233	\$ 11,284,886	\$ 23,861,027	\$ 24,121,219	\$ 36,195,260	\$ 35,406,105

Additional information on the City's capital assets can be found in note II.A.5. of the Basic Financial Statements.

Long-Term Debt: As of June 30, 2010, the City of Archdale had total long-term installment debt outstanding of \$8,188,575. These funds were used for construction of a water tank, construction of a pump station, expansion of water and sewer lines, and an upgrade to the City's main sewer pump station. Other loan funds relate to the investment in High Point's Eastside wastewater treatment plant, the mortgage on the Archdale Library and equipment purchases. During the fiscal year the City issued installment debt of \$1,260,000 for construction of a maintenance facility at the park, complete renovation of a maintenance facility for the Public Works Department, construction of an equipment shelter, and furnishing of the new buildings.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for City of Archdale is \$76,517,490.

Additional information regarding the City of Archdale's long-term debt can be found in Note II.E of this report.

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators influence the growth and prosperity of the City.

- The Bureau of Labor Statistics shows Randolph County's preliminary unemployment rate (not seasonally adjusted) as of August 2010 to be 9.6%, down from the 2009 annual rate of 11.5%.
- Total assessed property value, which generally shows an increase, is down one percent for the fiscal year ended June 30, 2010 from the previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: The property tax rate remains at 29 cents per one hundred dollars of property value in the budget for the fiscal year ending June 30, 2011. Revenues linked to economic growth, such as sales tax, franchise tax, interest income and recreation revenues were estimated to be less than the previous year. The budget includes an appropriation from fund balance of \$237,740.

Budgeted expenditures in the General Fund are \$7,513,699, which is an increase over last year's final budget of \$6,587,909. Last year's original budget of \$7,999,249 included building project appropriations that were moved to a Capital Project Fund. An Information Technology and Communications Specialist position was added this year, bringing the total number of approved full-time positions to 66. Other new items included in the budget are website redesign, first full year of debt service in the amount of \$171,240 for the new maintenance facilities,

Business-type Activities:

Water and Sewer Fund: The water and sewer rates in the City increase by 6 2/3% on average. The minimum water and sewer charges for 2,000 gallons or less is based on water meter size, with higher minimums for larger meters. The water and sewer fund is operated as a self supported enterprise and the balance in unrestricted net assets is necessary to finance

- The budget for debt service is \$1,086,700, an increase of \$378,600 for Archdale's first year of twenty years of payments for the John Kime Water Plant.
- The budget for water purchases is decreased by \$65,000 because of the change in water supplier.
- The sewer treatment rate charged by High Point is determined annually based on the previous year's operating expenses and that rate is lower next year. However, the increase in the budget for Archdale's share of capital improvements to the Eastside Treatment Plant is greater than the operating decrease.
- SCADA is being installed on four sewer lift stations, which leaves only one left for this upgrade.
- This budget includes a trailer-mounted sewer camera.

Management's Discussion and Analysis (Continued)

Stormwater Fund: Stormwater fee revenue is budgeted to remain steady. Several small drainage projects will be completed by the City work force and the remaining net assets will fund a larger future project. The budget for the fiscal year ending June 30, 2011 includes the purchase and related debt financing for a vacuum leaf loader truck. The budget for gas and vehicle maintenance is increased for this truck and the knuckleboom truck used for limb pick-up.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Lori Nurse, P.O. Box 14068, Archdale, N.C. 27263. Archdale's website is <http://www.archdale-nc.gov>.



Basic Financial Statements

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Net Assets

June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 7,331,776	\$ 3,712,533	\$ 11,044,309
Receivables (Net):			
Taxes	81,639	-	81,639
Accounts	74,362	578,952	653,314
Interest	8,801	-	8,801
Prepays	6,712	-	6,712
Due from Other Governments	609,516	80,672	690,188
Total Current Assets	<u>8,112,806</u>	<u>4,372,157</u>	<u>12,484,963</u>
Noncurrent Assets:			
Capital Assets:			
Water Rights	-	4,213,375	4,213,375
Wastewater Treatment Rights, Net of Amortization	-	3,375,000	3,375,000
Land and Other Nondepreciable Assets	7,414,982	307,396	7,722,378
Other Capital Assets, Net of Depreciation	4,919,251	15,965,256	20,884,507
Total Capital Assets	<u>12,334,233</u>	<u>23,861,027</u>	<u>36,195,260</u>
Total Noncurrent Assets	<u>12,334,233</u>	<u>23,861,027</u>	<u>36,195,260</u>
Total Assets	\$ <u><u>20,447,039</u></u>	\$ <u><u>28,233,184</u></u>	\$ <u><u>48,680,223</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Net Assets (Continued)
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 224,650	\$ 188,528	\$ 413,178
Unearned Revenue	35,522	2,381	37,903
Customer Deposits	-	84,924	84,924
Current Portion of Long-Term Liabilities	412,740	542,018	954,758
Total Current Liabilities	672,912	817,851	1,490,763
Long-Term Liabilities			
Due In More Than One Year	1,159,531	6,074,286	7,233,817
Total Liabilities	1,832,443	6,892,137	8,724,580
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	11,057,050	17,291,610	28,348,660
Restricted For:			
Transportation	777,708	-	777,708
Public Safety	64,482	-	64,482
Unrestricted	6,715,356	4,049,437	10,764,793
Total Net Assets	\$ 18,614,596	\$ 21,341,047	\$ 39,955,643

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 602,118	\$ 53,425	\$ -	\$ -
Public Safety	2,390,917	-	159,607	-
Transportation	585,673	-	269,100	-
Cultural and Recreation	1,041,966	189,902	10,000	68,305
Environmental Protection	686,145	730,311	-	-
Community Promotions	62,317	-	-	-
Interest on Long-Term Debt	42,747	-	-	-
Total Governmental Activities	5,411,883	973,638	438,707	68,305
Business-Type Activities:				
Water and Sewer	2,839,700	3,383,984	70,000	104,813
Stormwater	271,897	460,230	-	-
Total Business-Type Activities	3,111,597	3,844,214	70,000	104,813
Total Primary Government	\$ 8,523,480	\$ 4,817,852	\$ 508,707	\$ 173,118

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales and Use Taxes

Cable Television Franchise Taxes

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (548,693)	\$ -	\$ (548,693)
(2,231,310)	-	(2,231,310)
(316,573)	-	(316,573)
(773,759)	-	(773,759)
44,166	-	44,166
(62,317)	-	(62,317)
(42,747)	-	(42,747)
<u>(3,931,233)</u>	<u>-</u>	<u>(3,931,233)</u>
-	719,097	719,097
-	188,333	188,333
-	907,430	907,430
<u>(3,931,233)</u>	<u>907,430</u>	<u>(3,023,803)</u>
2,745,826	-	2,745,826
1,443,215	-	1,443,215
4,733	-	4,733
576,040	-	576,040
44,823	34,914	79,737
123,927	(645)	123,282
31,156	(31,156)	-
<u>4,969,720</u>	<u>3,113</u>	<u>4,972,833</u>
1,038,487	910,543	1,949,030
17,576,109	20,430,504	38,006,613
<u>\$ 18,614,596</u>	<u>\$ 21,341,047</u>	<u>\$ 39,955,643</u>

CITY OF ARCHDALE, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2010

	<u>Major Funds</u>			
		<u>Parks and Recreation and Public Works Maintenance Facilities</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>			
ASSETS				
Cash and Investments	\$ 6,980,856	\$ 198,797	\$ 152,123	\$ 7,331,776
Receivables (Net):				
Taxes	81,639	-	-	81,639
Sanitation	74,362	-	-	74,362
Due from Other Governments	564,620	35,730	9,166	609,516
Prepays	<u>6,712</u>	<u>-</u>	<u>-</u>	<u>6,712</u>
Total Assets	\$ <u>7,708,189</u>	\$ <u>234,527</u>	\$ <u>161,289</u>	\$ <u>8,104,005</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2010

	<u>Major Funds</u>			
		<u>Parks and Recreation and Public Works Maintenance Facilities</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>			
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and				
Accrued Liabilities	\$ 193,354	\$ 28,496	\$ 2,800	\$ 224,650
Unearned Revenue	35,522	-	-	35,522
Deferred Revenue	81,639	-	-	81,639
	<u>310,515</u>	<u>28,496</u>	<u>2,800</u>	<u>341,811</u>
Total Liabilities	<u>310,515</u>	<u>28,496</u>	<u>2,800</u>	<u>341,811</u>
Fund Balances:				
Reserved For:				
Encumbrances	6,380	-	-	6,380
State Statute	632,602	21,262	9,166	663,030
Streets - Powell Bill	777,708	-	-	777,708
Public Safety	64,482	-	-	64,482
Prepaid Items	6,712	-	-	6,712
Unreserved, General Fund				
Designated for Subsequent Year's expenditures	237,740	-	-	237,740
Designated for Economic Development	275,000	-	-	275,000
Undesignated	5,397,050	-	-	5,397,050
Unreserved, Reported in:				
Capital Projects Fund	-	184,769	149,323	334,092
	<u>7,397,674</u>	<u>206,031</u>	<u>158,489</u>	<u>7,762,194</u>
Total Fund Balances	<u>7,397,674</u>	<u>206,031</u>	<u>158,489</u>	<u>7,762,194</u>
Total Liabilities and Fund Balances	<u>\$ 7,708,189</u>	<u>\$ 234,527</u>	<u>\$ 161,289</u>	

The notes to the financial statements are an integral part of this statement.



CITY OF ARCHDALE, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2010

		<u>Total Governmental Funds</u>
Total Fund Balance		\$ 7,762,194
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	15,597,336	
Accumulated depreciation	<u>(3,263,103)</u>	12,334,233
Other long-term assets (accrued interest receivable from taxes and assessments) are not available to pay for current-period expenditures and therefore are deferred		8,801
Liabilities for earned but deferred revenues in fund statements.		81,639
Some liabilities, including installment obligations payable, net pension obligations, other postemployment benefits, and accrued vacation, are not due and payable in the current period and therefore are not reported in the funds.		<u>(1,572,271)</u>
Net assets of governmental activities.		\$ <u><u>18,614,596</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

	<u>Major Funds</u>			
		<u>Parks and Recreation and Public Works Maintenance Facilities</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>			
Revenues				
Ad Valorem Taxes	\$ 2,740,687	\$ -	\$ -	\$ 2,740,687
Unrestricted Intergovernmental	2,019,255	-	-	2,019,255
Restricted Intergovernmental	438,707	-	68,305	507,012
Licenses and Permits	53,425	-	-	53,425
Sales and Services	933,738	-	-	933,738
Investment Earnings	39,759	5,064	-	44,823
Miscellaneous	115,135	-	-	115,135
Total Revenues	<u>6,340,706</u>	<u>5,064</u>	<u>68,305</u>	<u>6,414,075</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds			
		Parks and Recreation and Public Works Maintenance Facilities	Total Non-Major Funds	Total Governmental Funds
	General			
Expenditures				
Current:				
Governing Body	\$ 42,436	\$ -	\$ -	\$ 42,436
Administration	195,347	-	-	195,347
Finance	264,056	-	-	264,056
Legal	28,755	-	-	28,755
Building and Grounds	60,561	-	-	60,561
Police	1,888,585	-	-	1,888,585
Fire Inspections	27,867	-	-	27,867
Planning and Zoning	278,972	-	-	278,972
Streets	458,314	34,780	-	493,094
Streets - Powell Bill	26,547	-	-	26,547
Sanitation	686,145	-	-	686,145
Parks and Recreation	737,388	8,582	-	745,970
Senior Adults Association	10,025	-	-	10,025
Library	100,322	-	-	100,322
Community Promotions	62,317	-	-	62,317
Debt service:				
Principal	202,354	-	-	202,354
Interest	42,747	-	-	42,747
Capital outlay:				
Police	225,270	-	-	225,270
Planning and Zoning	19,638	-	-	19,638
Streets	18,361	714,088	-	732,449
Parks and Recreation	104,114	251,436	159,603	515,153
Total Expenditures	5,480,121	1,008,886	159,603	6,648,610
Revenues Over (Under) Expenditures	860,585	(1,003,822)	(91,298)	(234,535)

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2010

	Major Funds			
		Parks and Recreation and Public Works Maintenance Facilities	Total Non-Major Funds	Total Governmental Funds
	General			
Other Financing Sources				
Transfers from Other Funds	\$ 81,303	-	\$ -	\$ 81,303
Transfers to Other Funds	-	(50,147)	-	(50,147)
Installment Purchase Obligations	-	1,260,000	-	1,260,000
Total Other Financing Sources	<u>81,303</u>	<u>1,209,853</u>	<u>-</u>	<u>1,291,156</u>
Net Changes in Fund Balances	941,888	206,031	(91,298)	1,056,621
Fund Balance - Beginning of Year	<u>6,455,786</u>	<u>-</u>	<u>249,787</u>	<u>6,705,573</u>
Fund Balance - End of Year	\$ <u><u>7,397,674</u></u>	\$ <u><u>206,031</u></u>	\$ <u><u>158,489</u></u>	\$ <u><u>7,762,194</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	1,056,621
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	1,492,510	
Depreciation expense for governmental assets	<u>(443,163)</u>	1,049,347

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in deferred revenue for tax revenues	3,817	
Change in accrued interest on tax revenues	<u>1,322</u>	5,139

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	(1,260,000)	
Principal payments on long-term debt	<u>202,354</u>	(1,057,646)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(13,593)	
Net pension obligation	13,872	
Other postemployment benefits	<u>(15,253)</u>	<u>(14,974)</u>

Total changes in net assets of governmental activities	\$	<u><u>1,038,487</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 2,705,370	\$ 2,705,370	\$ 2,740,687	\$ 35,317
Unrestricted Intergovernmental	2,152,300	2,122,300	2,019,255	(103,045)
Restricted Intergovernmental	462,000	482,145	438,707	(43,438)
Licenses and Permits	54,000	54,100	53,425	(675)
Sales and Services	958,600	1,001,115	933,738	(67,377)
Investment Earnings	53,000	53,000	39,759	(13,241)
Miscellaneous	58,060	57,960	115,135	57,175
Total Revenues	<u>6,443,330</u>	<u>6,475,990</u>	<u>6,340,706</u>	<u>(135,284)</u>
Expenditures				
Governing Body	47,715	47,715	42,436	5,279
Administration	256,775	256,775	195,347	61,428
Finance	349,405	349,405	264,056	85,349
Legal	50,000	50,000	28,755	21,245
Building and Grounds	204,198	204,198	60,561	143,637
Police	2,431,929	2,446,879	2,113,855	333,024
Animal Control	-	-	-	-
Fire Inspections	27,867	27,867	27,867	-
Planning and Zoning	263,070	315,490	298,610	16,880
Streets	1,701,690	600,653	574,902	25,751
Streets - Powell Bill	250,000	250,000	26,547	223,453
Sanitation	748,500	748,500	686,145	62,355
Parks and Recreation	1,302,715	967,051	874,244	92,807
Senior Adults Association	12,710	12,710	10,025	2,685
Library	218,913	222,213	214,454	7,759
Community Promotions	58,762	65,387	62,317	3,070
Non-Departmental	75,000	23,066	-	23,066
Total Expenditures	<u>7,999,249</u>	<u>6,587,909</u>	<u>5,480,121</u>	<u>1,107,788</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues Over (Under) Expenditures	\$ (1,555,919)	\$ (111,919)	\$ 860,585	\$ 972,504
Other Financing Sources (Uses)				
Transfers from Other Funds	259,000	316,900	81,303	(235,597)
Installment Loan Proceeds	1,500,000	-	-	-
Total Other Financing Sources (Uses)	1,759,000	316,900	81,303	(235,597)
Revenues and Other Financing Sources Over (Under) Expenditures	203,081	204,981	941,888	736,907
Fund Balance Appropriated	(203,081)	(204,981)	-	204,981
Net Change in Fund Balance	\$ -	\$ -	941,888	\$ 941,888
Fund Balance - Beginning of Year			6,455,786	
Fund Balance - End of Year			\$ 7,397,674	

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Net Assets

Proprietary Funds

June 30, 2010

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
ASSETS			
Current Assets			
Cash and Investments	\$ 3,419,066	\$ 293,467	\$ 3,712,533
Accounts Receivable (Net) - Billed	372,798	44,598	417,396
Accounts Receivable (Net) - Unbilled	161,556	-	161,556
Due from Other Governments	79,888	784	80,672
Total Current Assets	<u>4,033,308</u>	<u>338,849</u>	<u>4,372,157</u>
Noncurrent Assets			
Capital Assets			
Water Rights	4,213,375	-	4,213,375
Wastewater Treatment Rights, Net of Amortization	3,375,000	-	3,375,000
Land and Other Nondepreciable Assets	307,396	-	307,396
Other Capital Assets, Net of Depreciation	15,913,939	51,317	15,965,256
Total Capital Assets	<u>23,809,710</u>	<u>51,317</u>	<u>23,861,027</u>
Total Noncurrent Assets	<u>23,809,710</u>	<u>51,317</u>	<u>23,861,027</u>
Total Assets	\$ <u>27,843,018</u>	\$ <u>390,166</u>	\$ <u>28,233,184</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2010

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 183,963	\$ 4,565	\$ 188,528
Customer Deposits	84,924	-	84,924
Unearned Revenue	2,381	-	2,381
Compensated Absences Payable - Current	8,581	4,419	13,000
Installment Notes Payable - Current	504,162	24,856	529,018
Total Current Liabilities	<u>784,011</u>	<u>33,840</u>	<u>817,851</u>
Noncurrent Liabilities			
Compensated Absences Payable	17,740	4,986	22,726
Installment Notes Payable - Noncurrent	6,034,037	6,362	6,040,399
Other Postemployment Benefits	8,118	3,043	11,161
Total Noncurrent Liabilities	<u>6,059,895</u>	<u>14,391</u>	<u>6,074,286</u>
Total Liabilities	<u>\$ 6,843,906</u>	<u>\$ 48,231</u>	<u>\$ 6,892,137</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	17,271,511	20,099	17,291,610
Unrestricted	<u>3,727,601</u>	<u>321,836</u>	<u>4,049,437</u>
Total Net Assets	<u>\$ 20,999,112</u>	<u>\$ 341,935</u>	<u>\$ 21,341,047</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Operating Revenues			
Charges for Services	\$ 3,195,661	\$ -	\$ 3,195,661
Water and Sewer Taps	5,400	-	5,400
Impact and Acreage Fees	31,506	-	31,506
Stormwater Fees	-	460,230	460,230
Other Operating Revenues	151,417	-	151,417
Total Operating Revenues	<u>3,383,984</u>	<u>460,230</u>	<u>3,844,214</u>
Operating Expenses			
Salaries and Employee Benefits	444,917	167,897	612,814
Water Purchases	534,190	-	534,190
Waste Disposal and Treatment Costs	413,731	-	413,731
Other Operating Expenses	555,793	83,650	639,443
Depreciation	559,873	18,686	578,559
Amortization	112,500	-	112,500
Total Operating Expenses	<u>2,621,004</u>	<u>270,233</u>	<u>2,891,237</u>
Operating Income	<u>762,980</u>	<u>189,997</u>	<u>952,977</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	33,673	1,241	34,914
Loss on Sale of Assets	(645)	-	(645)
Interest Expense	(218,696)	(1,664)	(220,360)
Total Nonoperating Revenues (Expenses)	<u>(185,668)</u>	<u>(423)</u>	<u>(186,091)</u>
Restricted Intergovernmental			
State Grants	<u>70,000</u>	<u>-</u>	<u>70,000</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets (Continued)
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Income (Loss) Before Contributions and Transfers	647,312	189,574	836,886
Capital Contributions	104,813	-	104,813
Transfers to Other Funds	-	(31,156)	(31,156)
Change in Net Assets	752,125	158,418	910,543
Net Assets - Beginning of Year	<u>20,246,987</u>	<u>183,517</u>	<u>20,430,504</u>
Net Assets - End of Year	\$ <u><u>20,999,112</u></u>	\$ <u><u>341,935</u></u>	\$ <u><u>21,341,047</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 3,219,983	459,645	\$ 3,679,628
Cash Paid for Goods and Services	(1,448,532)	(81,327)	(1,529,859)
Cash Paid to Employees for Services	(434,369)	(161,944)	(596,313)
Customer Deposits Received	15,985	-	15,985
Customer Deposits Returned	-	-	-
Cash Received from Other Operating Revenues	151,417	-	151,417
Net Cash Provided by Operating Activities	<u>1,504,484</u>	<u>216,374</u>	<u>1,720,858</u>
Cash Flows from NonCapital Financing Activities			
Transfers to Other Funds	<u>-</u>	<u>(31,156)</u>	<u>(31,156)</u>
Cash Flows from Capital and Related Financing Activities			
Interest Paid on Notes	(218,696)	(1,664)	(220,360)
Principal Paid on Note Maturities	(494,713)	(23,940)	(518,653)
Proceeds from Sale of Assets	1,900		
Acquisition and Construction of Capital Assets	(328,599)	-	(328,599)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,040,108)</u>	<u>(25,604)</u>	<u>(1,067,612)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>33,673</u>	<u>1,241</u>	<u>34,914</u>
Net Increase in Cash and Cash Equivalents	498,049	160,855	658,904
Cash and Cash Equivalents - Beginning of Year	<u>2,921,017</u>	<u>132,612</u>	<u>3,053,629</u>
Cash and Cash Equivalents - End of Year	\$ <u><u>3,419,066</u></u>	\$ <u><u>293,467</u></u>	\$ <u><u>3,712,533</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 762,980	\$ 189,997	\$ 952,977
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	559,873	18,686	578,559
Amortization	112,500	-	112,500
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(10,703)	(585)	(11,288)
(Increase) Decrease in Due from Other Governments	222	(417)	(195)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	54,960	2,740	57,700
Increase (Decrease) in Customer Deposits	15,985	-	15,985
Increase (Decrease) in Unearned Revenue	(1,881)	-	(1,881)
Increase (Decrease) in Compensated Absences Payable	6,456	4,419	10,875
Increase (Decrease) in Other Postemployment Benefits	4,092	1,534	5,626
Total Adjustments	<u>741,504</u>	<u>26,377</u>	<u>767,881</u>
Net Cash Provided by Operating Activities	<u>\$ 1,504,484</u>	<u>\$ 216,374</u>	<u>\$ 1,720,858</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Archdale conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Archdale is a municipal corporation that is governed by an elected mayor and a six-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state and federal grants, and various other taxes and licenses. The primary expenditures are for police, streets, streets – Powell Bill, sanitation, and parks and recreation.

The City reports the following non-major governmental fund:

PARTF Capital Projects Fund. This fund is used to account for the construction of new park facilities.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations. Included as a subfund is the Water and Sewer Capital Reserve Fund.

The City reports the following non-major enterprise fund:

Stormwater Fund. This fund is used to account for the City's stormwater operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Randolph and Guilford counties are responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in each county, including the City of Archdale. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as deferred revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds, including the Water and Sewer Capital Reserve Fund. All annual appropriations lapse at the fiscal-year end. A project ordinance is adopted for the PARTF Capital Projects Fund. The enterprise fund projects and reserve funds are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

1. Deposits and Investments (Continued)

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008. As allowed by state law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government – wide and fund financial statements and expensed as the items are used.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$100; buildings and improvements, \$20,000; furniture and equipment, \$5,000; vehicles, \$10,000; and infrastructure, \$100,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 are not recorded. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land Improvements, Infrastructure, and Buildings	25 – 50
Furniture, Fixtures, Equipment, Heavy Equipment, and Vehicles	5 – 10

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

8. Compensated Absences

The vacation policy of the City provides for the accumulation of up to twenty-two and a half days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a last-in, first-out method of using accumulated compensated time. Under this method, the leave balance is generally assumed to be a long-term liability.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

9. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for Prepaid Items - portion of fund balance that is not available for appropriation because it represents the year-end fund balance on prepaid items, a component of net current assets.

Reserved for Encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved by State Statute - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for Streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Reserved for Public Safety – portion of fund balance that is available for appropriation but legally segregated for public safety expenditures. These funds are the local share of federal drug seizure funds.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

10. Net Assets/Fund Balances (Continued)

Unreserved:

Designated for Subsequent Year's Expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

Designated for Economic Development - portion of the total fund balance available for possible future economic development incentives.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S.159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2010, the City's deposits had a carrying amount of \$10,152,076 and a bank balance of \$10,322,597. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2010, the City's petty cash funds totaled \$350, the Water fund has cash drawer funds in the amount of \$75, and the Police department has \$1,390 in police investigation funds.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments

At June 30, 2010, the City of Archdale had \$891,210 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The City has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

Fund	06/30/2010
Water Fund:	
Water and Sewer Billings	\$ 40,000
Total	\$ 40,000

4. Due from Other Governments

Amounts due from governmental agencies consist of the following:

Governmental Funds	
Sales and Use Tax Distribution	\$ 376,946
Utilities Franchise and Telecommunications Tax	127,734
Sales Tax Refunds	65,149
Property Tax Collections	30,246
Senior Phone Reimbursement	231
Solid Waste Disposal Tax	1,487
ABC Board Profit Distribution	179
State Grants	6,469
Other	1,075
Total	\$ 609,516
Enterprise Funds	
Sales Tax Refunds	\$ 10,672
Total	\$ 10,672

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,292,608	58,803	\$ -	\$ 2,351,411
Construction in progress	114,455	1,009,857	(37,651)	1,086,661
Street Rights-of-Way	3,976,910	-	-	3,976,910
Total capital assets not being Depreciated	6,383,973	1,068,660	(37,651)	7,414,982
Capital assets being depreciated:				
Buildings	4,394,770	-	-	4,394,770
Land improvements	1,140,101	152,922	-	1,293,023
Equipment and Vehicles	2,223,920	308,579	(37,938)	2,494,561
Total capital assets being Depreciated	7,758,791	461,501	(37,938)	8,182,354
Less accumulated depreciation for:				
Buildings	1,196,158	87,957	-	1,284,115
Land improvements	381,917	85,512	-	467,429
Equipment and Vehicles	1,279,803	269,694	(37,938)	1,511,559
Total accumulated depreciation	2,857,878	443,163	(37,938)	3,263,103
Total capital assets being depreciated, net	4,900,913			4,919,251
Governmental activity capital assets, net	\$ 11,284,886			\$ 12,334,233

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$	11,502
Public safety		184,009
Transportation		69,988
Cultural and recreation		177,664
Total	\$	<u>443,163</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 307,396	\$ -	\$ -	\$ 307,396
Construction-in-progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>307,396</u>	<u>-</u>	<u>-</u>	<u>307,396</u>
Capital assets being depreciated:				
Equipment	621,234	41,362	(33,111)	629,485
Water distribution system	6,284,968	366,840	-	6,651,808
Sewer collection system	<u>17,671,668</u>	<u>-</u>	<u>-</u>	<u>17,671,668</u>
Total capital assets being depreciated	<u>24,577,870</u>	<u>408,202</u>	<u>(33,111)</u>	<u>24,952,961</u>
Less accumulated depreciation for:				
Equipment	309,911	51,127	(30,566)	330,472
Water distribution system	2,372,378	148,147	-	2,520,525
Sewer collection system	<u>5,827,426</u>	<u>360,599</u>	<u>-</u>	<u>6,188,025</u>
Total accumulated depreciation	<u>8,509,715</u>	<u>559,873</u>	<u>(30,566)</u>	<u>9,039,022</u>
Total capital assets being depreciated, net	<u>\$ 16,068,155</u>			<u>\$ 15,913,939</u>
Capital assets not being amortized:				
Water rights	<u>4,188,165</u>	<u>25,210</u>	<u>-</u>	<u>4,213,375</u>
Total capital assets not being amortized:	<u>4,188,165</u>	<u>25,210</u>	<u>-</u>	<u>4,213,375</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being amortized, net:				
Wastewater treatment rights	4,500,000	-	-	4,500,000
Total capital assets being amortized:	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>4,500,000</u>
Less accumulated amortization for:				
Wastewater treatment rights	1,012,500	112,500	-	1,125,000
Total capital assets being amortized, net	<u>3,487,500</u>			<u>3,375,000</u>
Water and Sewer Fund capital assets, net	<u>\$ 24,051,216</u>			<u>\$ 23,809,710</u>
 Stormwater Fund				
Capital assets being depreciated:				
Equipment	104,036	-	-	104,036
Total capital assets being depreciated	<u>104,036</u>	<u>-</u>	<u>-</u>	<u>104,036</u>
Less accumulated depreciation for:				
Equipment	34,033	18,686	-	52,719
Total accumulated depreciation	<u>34,033</u>	<u>18,686</u>	<u>-</u>	<u>52,719</u>
Total capital assets being depreciated, net	<u>\$ 70,003</u>			<u>\$ 51,317</u>
Business-type activity capital assets, net	<u>\$ 24,121,219</u>			<u>\$ 23,861,027</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Archdale contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.96% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Archdale are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$126,490, \$123,797, and \$135,489, respectively. The contributions made by the City equaled the required contributions for each year.

b. Supplemental Retirement Income Plan

1. Plan Description

The City of Archdale contributes amounts for law enforcement officers to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. In addition, the City has elected to contribute amounts for employees not engaged in law enforcement under this plan.

2. Funding Policy

Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. For employees not engaged in law enforcement, the City has elected to contribute each month an amount equal to 5% of each employee's salary. Also, the law enforcement officers and employees not engaged in law enforcement may make voluntary contributions to the Plan. Contributions for law enforcement officers for the year ended June 30, 2010 were \$55,159, which consisted of \$47,990 from the City and \$7,169 from law enforcement officers. Contributions for employees not engaged in law enforcement for the year ended June 30, 2010 were \$146,797, which consisted of \$79,962 from the City and \$66,835 from the employees.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The City of Archdale administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance does not issue a standalone financial report. Financial and trend information is presented as required supplementary information following these notes.

All full time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>22</u>
Total	<u><u>26</u></u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Law Enforcement Officers Special Separation Allowance (Continued)

3. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5 – 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 38,056
Interest on net pension obligation	8,579
Less adjustment of annual required contribution	<u>(7,454)</u>
Annual pension cost	39,181
Less contributions made	<u>53,053</u>
Increase (decrease) in net pension obligation	(13,872)
Net pension obligation beginning of year	<u>118,328</u>
Net pension obligation end of year	<u><u>\$ 104,456</u></u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Law Enforcement Officers Special Separation Allowance (Continued)

3. Contributions (Continued)

3 Year Trend Information

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 37,217	43.64%	\$ 118,346
2009	40,468	100.04%	118,328
2010	39,181	135.40%	104,456

4. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$643,429. The covered payroll (annual payroll of active employees covered by the plan) was \$924,307, and the ratio of the UAAL to the covered payroll was 69.61 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Other Postemployment Benefit

a. Healthcare Benefits

Plan Description. Employees who retire under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS) with twenty or more years of service with the City of Archdale and are at least 50 at the time of retirement, are eligible to participate in the City's Group Health Insurance Plan. Later transfer employees may also participate if they retire under the provisions of NCLGERS with at least thirty years of local government service and have at least ten or more years of service with the City of Archdale and are at least age 50 at the time of retirement. Dependents and/or family members of the retiree are not eligible to participate. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Postemployment Benefit (Continued)

a. Healthcare Benefits (Continued)

Membership of the HCB Plan consisted of the following at December 31, 2009:

	General Employees:	Law Enforcement Officers:
Retirees receiving benefits	-	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	33	26
Total	33	28

Funding Policy. Eligible retirees may purchase, at their expense, group health insurance coverage on the City's group policy until they are Medicare eligible.

The current ARC rate is 1.21% of annual covered payroll. For the current year, the City contributed \$10,320 or 0.40% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.0% and 0.88% of covered payroll, respectively. There were contributions of \$10,320 made by the employees. The City's obligation to contribute to HCB Plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Postemployment Benefit (Continued)

a. Healthcare Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 31,199
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>31,199</u>
Contributions made	<u>(10,320)</u>
Increase (decrease) in net OPEB obligation	20,879
Net OPEB obligation beginning of year	21,719
Net OPEB obligation end of year	<u><u>\$ 42,598</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Year Ending June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 31,199	33.08%	\$ 42,598

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Postemployment Benefit (Continued)

a. Healthcare Benefits (Continued)

Funding Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$232,918. The covered payroll (annual payroll of active employees covered by the plan) was \$2,581,960, and the ratio of the UAAL to the covered payroll was 9.0 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the City made contributions to the State for death benefits of \$3,881. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .16% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The City also provides group-term life insurance, which is equal to each employee's annual salary up to \$50,000. As a part of this benefit, each employee also receives accidental death and dismemberment coverage, which is again equal to annual salary up to \$50,000.

C. Deferred / Unearned Revenues

The balance in deferred / unearned revenues at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid Licenses (General Fund)	\$ -	\$ 33,892
Customer Overpayments (Water Fund)	-	2,381
Taxes Receivable (General Fund)	83,269	-
Total	<u>\$ 83,269</u>	<u>\$ 36,273</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance coverage which provides for the following types of major coverage for the amounts of retained risk noted: general liability (\$2,000,000), comprehensive law enforcement liability (\$2,000,000), public officials' liability (\$2,000,000), auto liability coverage (\$2,000,000) and employee health coverage with an unlimited lifetime limit. The City also carries workers' compensation coverage of up to \$1,000,000. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three years.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City carries flood insurance coverage up to a limit of coverage of \$1,000,000 with a 10% deductible (\$50,000 minimum per covered location); the annual aggregate is \$1,000,000.

The finance director is individually bonded for \$250,000. All remaining employees are bonded under a blanket bond for \$250,000.

E. Long-Term Obligations

1. Notes Payable

In March 2006, a note was executed with Bank of America by the City for construction of water and sewer lines, a water tank, and pump station. The City has entered into a note payable with Wachovia Bank, N.A. for the construction of a public library. The City has also entered into a note payable with Branch Banking and Trust for the purchase of new vehicles and equipment.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Notes Payable (Continued)

Governmental Activities:

\$750,000 note payable to Wachovia Bank, N.A. interest and principal payable in 31 quarterly installments of \$28,532 each including interest payable at 3.5%, unsecured.

\$ 111,683

\$1,260,000 note payable to Community One Bank, principal payable in 40 quarterly installments of \$31,500 each plus Interest payable at 3.99%, unsecured

1,165,500

1,277,183

Less current portion:

237,683

Total

\$ 1,039,500

The future minimum payments on the notes payable as of June 30, 2010 are as follows:

Year Ending June 30	Governmental Type Activities	
	Principal	Interest
2011	237,683	47,693
2012	126,000	40,251
2013	126,000	35,045
2014	126,000	29,948
2015	126,000	24,850
2016-2020	535,500	48,804
Total	\$ <u>1,277,183</u>	\$ <u>226,591</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Notes Payable (Continued)

Business Type Activities – Enterprise Fund – Water/Sewer Funds

\$4,845,000 note payable to the State of North Carolina Sewer Revolving Loan, principal payable in 20 annual installments of \$242,250 and semi-annual interest installments 2.66%. \$ 3,149,250

\$4,400,000 note payable to Bank of America, interest and principal payable in 180 monthly installments of \$31,854 each including interest payable at 3.68%. 3,388,950

6,538,200

Less current portion:

504,162

Total \$ 6,034,038

Business Type Activities – Enterprise Fund – Stormwater Funds

\$94,950 note payable to Branch Banking and Trust, interest and principal payable in 48 monthly installments of \$2,134 each including interest payable at 3.76%. \$ 31,218

31,218

Less current portion:

24,856

Total \$ 6,362

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Notes Payable (Continued)

The long-term debt requirements to maturity for the business-type activities are as follows:

Year Ending June 30	Business Type Activities	
	Principal	Interest
2011	\$ 529,018	\$ 204,855
2012	520,025	188,200
2013	524,123	171,258
2014	534,672	154,264
2015	545,617	136,876
2016 – 2020	2,906,887	408,919
2021 – 2023	1,009,075	43,023
	<u>\$ 6,569,417</u>	<u>\$ 1,307,395</u>

2. Changes in Long-Term Liabilities

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion of Balance
Governmental activities:					
Notes Payable	\$ 219,537	\$ 1,260,000	\$ (202,354)	\$ 1,277,183	\$ 237,683
Compensated absences	145,602	124,379	(110,786)	159,195	110,000
Net pension obligation	118,328	39,181	(53,053)	104,456	54,557
Other post-employment benefits	16,184	25,573	(10,320)	31,437	10,500
Governmental activity long-term Liabilities	<u>\$ 499,651</u>	<u>\$ 1,449,133</u>	<u>\$ (376,513)</u>	<u>\$ 1,572,271</u>	<u>\$ 412,740</u>
Business-type activities:					
Note payable	\$ 7,088,070	\$ -	\$ (518,653)	\$ 6,569,417	\$ 529,018
Compensated absences	24,851	23,880	(13,005)	35,726	13,000
Other post-employment benefits	5,535	5,626	-	11,161	-
Business-type activity long-term Liabilities	<u>\$ 7,118,456</u>	<u>\$ 29,506</u>	<u>\$ (531,658)</u>	<u>\$ 6,616,304</u>	<u>\$ 542,018</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

II. DETAIL NOTES ON ALL FUNDS (Continued)

F. Commitments

The City has a joint-use facility agreement with the City of High Point for wastewater treatment. The City has recorded an intangible asset of \$4,500,000, which is being amortized over a forty year term, for the City's share of the capacity-use allocation to upgrade and expand the Eastside Wastewater Treatment Plant. The commodity rate is adjusted annually based on the operating costs of the plant during the previous fiscal year. In addition, the City is committed to participate in a 10% share of capital maintenance and repair projects. During fiscal year 2010, the City paid \$22,675 in maintenance charges.

The City has agreed to pay \$256,896 in 240 equal monthly installments of \$1,070.40 to Davidson Water, Inc for ownership transfer of a water system. The system transfer date is October 4, 2010

Year Ending June 30	
2011	\$ 12,845
2012	12,845
2013	12,845
2014	12,845
2015	12,845
2016 – 2020	64,224
2021 – 2025	64,224
2026 – 2030	64,223
	<u>\$ 256,896</u>

G. Interfund Balances and Activity

Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2010, consist of the following:

From the Parks and Recreation and Public Works Maintenance Facilities Capital Project Fund to the General Fund to reimburse for prior year project costs	\$ 50,147
From the Stormwater Fund to the General Fund to reimburse direct stormwater expenses incurred prior to establishing a Stormwater Enterprise Fund	<u>31,156</u>
Total	<u>\$ 81,303</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

III. Jointly Governed Organization

The City, in conjunction with six counties and 25 other municipalities established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$1,000 to the Council during the fiscal year ended June 30, 2010.

IV. Joint Ventures

The City, in conjunction with five other governments, participates in the Piedmont Triad Regional Water Authority. The Authority was established to develop a regional water supply, whereby each participant contributes funds to acquire land, develop a reservoir, and construct a dam and water treatment plant. The Authority's board is composed of ten members, one of which is appointed by the City Council. The participating governments are legally obligated under the 1987 intergovernmental agreement that created the Authority to contribute a pre-determined share of the construction costs. The City of Archdale's funding share is 4.6%, based on the percentage of future water allocations. During the year ended June 30, 2010, the City paid \$92,433 to the Authority; consisting of \$25,210 capital contribution and \$67,223 for the City's share of the Authority's operating expenses.

According to the joint governmental agreement, the participating governments do not have an equity interest in the joint venture, but rather rights to the water in the reservoir and rights to purchase treated water on a predetermined share, according to a uniform rate structure. An intangible asset in the amount of \$4,213,375, for water rights has been recorded at cost in the government-wide financial statements as of June 30, 2010. The City has entered into an agreement for the repayment of debt for the construction of the water treatment plant. The City will record an additional intangible asset for rights to purchase treated water once the final construction cost is determined and the commitment is adjusted. The reservoir, dam and water treatment plant projects are complete and water began flowing through the system to the City of Archdale on October 4, 2010. These water rights will be amortized over a 50 year term starting in fiscal year 2011.

The future estimated payments to the Authority are as follows:

Year Ending June 30	
2011	\$ 350,115
2012	350,115
2013	350,115
2014	350,115
2015	350,115
2016 – 2020	1,750,575
2021 – 2025	1,750,575
2026 – 2030	1,750,582
	\$ <u>7,002,307</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.



Required Supplemental Financial Data

CITY OF ARCHALE, NORTH CAROLINA
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1999	\$ -	\$ 114,044	\$ 114,044	0.00%	\$ 761,558	14.98%
12/31/2000	-	188,994	188,994	0.00%	657,895	28.73%
12/31/2001	-	243,320	243,320	0.00%	719,254	33.83%
12/31/2002	-	258,348	258,348	0.00%	736,237	35.09%
12/31/2003	-	251,717	251,717	0.00%	759,151	33.16%
12/31/2004	-	291,467	291,467	0.00%	811,969	35.90%
12/31/2005	-	281,746	281,746	0.00%	954,177	29.53%
12/31/2006	-	299,387	299,387	0.00%	1,034,205	28.95%
12/31/2007	-	327,278	327,278	0.00%	1,070,066	30.58%
12/31/2008	-	309,854	309,854	0.00%	1,073,859	28.85%
12/31/2009	-	643,429	643,429	0.00%	924,307	69.61%

CITY OF ARCHDALE, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual Percentage Contributed</u>
2005	\$ 29,759	54.57%
2006	34,980	46.43%
2007	35,151	46.20%
2008	37,217	43.64%
2009	40,468	100.04%
2010	39,181	135.40%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases	4.5% - 12.3%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

CITY OF ARCHALE, NORTH CAROLINAOther Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 232,918	\$ 232,918	0.00%	\$ 2,581,960	9.00%

CITY OF ARCHDALE, NORTH CAROLINAOther Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Annual Percentage Contributed
2009	\$ 31,199	30.39%
2010	31,999	33.08%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Medical Cost Trend	10.50% - 5.00%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A



Major Governmental Funds

General Fund

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes			
Current Year - Property	\$	\$ 2,718,544	\$
Prior Years - Property		12,285	
Penalties and Interest		9,858	
Total Ad Valorem Taxes	<u>2,705,370</u>	<u>2,740,687</u>	<u>35,317</u>
 Unrestricted Intergovernmental			
Local Option Sales Tax		1,443,215	
Utility Franchise Tax		561,331	
Beer and Wine Tax		13,960	
ABC Profit Distribution		749	
Total Unrestricted Intergovernmental	<u>2,122,300</u>	<u>2,019,255</u>	<u>(103,045)</u>
 Restricted Intergovernmental			
Federal Grants		79,163	
Powell Bill Allocation		269,100	
Controlled Substance Tax		80,444	
Randolph County		10,000	
Total Restricted Intergovernmental	<u>482,145</u>	<u>438,707</u>	<u>(43,438)</u>
 Licenses and Permits			
Building Permits and Fees		5,192	
Privilege Licenses		48,233	
Total Licenses and Permits	<u>54,100</u>	<u>53,425</u>	<u>(675)</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales and Services			
Recreation Department Fees	\$	\$ 189,902	\$
Solid Waste		588,146	
Recycling		142,165	
CATV Franchise		4,733	
Shared Expense Reimbursement		8,792	
Total Sales and Services	<u>1,001,115</u>	<u>933,738</u>	<u>(67,377)</u>
Investment Earnings			
General Fund		38,494	
Powell Bill		1,265	
Total Investment Earnings	<u>53,000</u>	<u>39,759</u>	<u>(13,241)</u>
Miscellaneous			
Proceeds from Sales of Fixed Assets		50,740	
Other		64,395	
Total Miscellaneous	<u>57,960</u>	<u>115,135</u>	<u>57,175</u>
Total Revenues	<u>6,475,990</u>	<u>6,340,706</u>	<u>(135,284)</u>
Expenditures			
Governing Body			
Salaries and Employee Benefits		35,008	
Other Operating Expenditures		7,428	
Total Governing Body	<u>47,715</u>	<u>42,436</u>	<u>5,279</u>
Administration			
Salaries and Employee Benefits		175,273	
Other Operating Expenditures		20,074	
Total Administration	<u>256,775</u>	<u>195,347</u>	<u>61,428</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Finance			
Salaries and Employee Benefits	\$	\$ 201,429	\$
Contract Services		34,791	
Other Operating Expenditures		27,836	
Total Finance	<u>349,405</u>	<u>264,056</u>	<u>85,349</u>
Legal			
Professional Services	<u>50,000</u>	<u>28,755</u>	<u>21,245</u>
Buildings and Grounds			
Salaries and Employee Benefits		9,074	
Other Operating Expenditures		51,487	
Total Buildings and Grounds	<u>204,198</u>	<u>60,561</u>	<u>143,637</u>
Police			
Salaries and Employee Benefits		1,589,587	
Repairs and Maintenance		31,602	
Fuel, Gas, and Oil		49,465	
Other Operating Expenditures		217,931	
Capital Outlay		225,270	
Total Police	<u>2,446,879</u>	<u>2,113,855</u>	<u>333,024</u>
Fire Inspections			
Contract Services	<u>27,867</u>	<u>27,867</u>	<u>-</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Planning and Zoning			
Salaries and Employee Benefits	\$	\$ 198,362	\$
Other Operating Expenditures		80,610	
Capital Outlay		19,638	
Total Planning and Zoning	<u>315,490</u>	<u>298,610</u>	<u>16,880</u>
Streets			
Salaries and Employee Benefits		245,512	
Utilities		132,853	
Repairs and Maintenance		14,961	
Other Operating Expenditures		64,988	
Debt Service:			
Principal		70,875	
Interest		27,352	
Capital Outlay		18,361	
Total Streets	<u>600,653</u>	<u>574,902</u>	<u>25,751</u>
Streets - Powell Bill			
Street Repairs and Maintenance		26,547	
Capital Outlay		-	
Total Streets - Powell Bill	<u>250,000</u>	<u>26,547</u>	<u>223,453</u>
Sanitation			
Contract Services	<u>748,500</u>	<u>686,145</u>	<u>62,355</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Parks and Recreation			
Salaries and Employee Benefits	\$	\$ 496,752	\$
Utilities		43,625	
Repairs and Maintenance		58,687	
Other Operating Expenditures		138,324	
Debt Service:			
Principal		23,625	
Interest		9,117	
Capital Outlay		104,114	
Total Parks and Recreation	<u>967,051</u>	<u>874,244</u>	<u>92,807</u>
Senior Adults Association			
Other Operating Expenditures	<u>12,710</u>	<u>10,025</u>	<u>2,685</u>
Library			
Payment to Randolph County		70,147	
Other Operating Expenditures		30,175	
Debt Service:			
Principal		107,854	
Interest		6,278	
Total Library	<u>222,213</u>	<u>214,454</u>	<u>7,759</u>
Community Promotions			
Other Operating Expenditures	<u>65,387</u>	<u>62,317</u>	<u>3,070</u>
Non-Departmental	<u>23,066</u>	<u>-</u>	<u>23,066</u>
Total Expenditures	<u>6,587,909</u>	<u>5,480,121</u>	<u>1,107,788</u>
Revenues Over (Under) Expenditures	<u>(111,919)</u>	<u>860,585</u>	<u>972,504</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources			
Transfers In:			
Stormwater Fund	\$ 259,000	\$ 31,156	\$ (227,844)
Parks and Recreation and Public Works Maintenance Facilities			
Capital Project Fund	57,900	50,147	(7,753)
Total Other Financing Sources	<u>316,900</u>	<u>81,303</u>	<u>(235,597)</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures	204,981	941,888	736,907
Fund Balance Appropriated	<u>(204,981)</u>	<u>-</u>	<u>204,981</u>
Net Change in Fund Balance	\$ <u>-</u>	941,888	\$ <u>941,888</u>
Fund Balance - Beginning of Year		<u>6,455,786</u>	
Fund Balance - End of Year		\$ <u><u>7,397,674</u></u>	



Major Governmental Funds

Capital Project Funds



CITY OF ARCHDALE, NORTH CAROLINA
 Capital Projects Funds
 Parks and Recreation and Public Works Maintenance Facilities Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

		Actual			
	Project Authorization	Prior Year	Current Year	Totals to Date	Variance Positive (Negative)
Revenues					
Interest	\$ 5,000	\$ -	\$ 5,064	\$ 5,064	\$ 64
Expenditures					
Street Department					
Other Operating	53,000	-	34,780	34,780	18,220
Capital Outlay	867,000	-	714,088	714,088	152,912
Total Street Department	<u>920,000</u>	<u>-</u>	<u>748,868</u>	<u>748,868</u>	<u>171,132</u>
Parks and Recreation					
Other Operating	18,700	-	8,582	8,582	10,118
Capital Outlay	268,400	-	251,436	251,436	16,964
Total Parks and Recreation	<u>287,100</u>	<u>-</u>	<u>260,018</u>	<u>260,018</u>	<u>27,082</u>
Total Expenditures	<u>1,207,100</u>	<u>-</u>	<u>1,008,886</u>	<u>1,008,886</u>	<u>198,214</u>
Revenues Over (Under)					
Expenditures	<u>(1,202,100)</u>	<u>-</u>	<u>(1,003,822)</u>	<u>(1,003,822)</u>	<u>198,278</u>
Other Financing Sources (Uses)					
Transfers out:					
General Fund	(57,900)	-	(50,147)	(50,147)	7,753
Installment Loan Proceeds	1,260,000	-	1,260,000	1,260,000	-
Total Other Financing Sources (Uses)	<u>1,202,100</u>	<u>-</u>	<u>1,209,853</u>	<u>1,209,853</u>	<u>7,753</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	206,031	\$ <u>206,031</u>	\$ <u>206,031</u>
Fund Balance, Beginning			<u>-</u>		
Fund Balance, Ending			\$ <u>206,031</u>		



Nonmajor Governmental Funds

CITY OF ARCHDALE, NORTH CAROLINA
Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	PARTF Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Investments	\$ 152,123	\$ 152,123
Due from Other Governments	<u>9,166</u>	<u>9,166</u>
Total Assets	\$ <u><u>161,289</u></u>	\$ <u><u>161,289</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ <u>2,800</u>	\$ <u>2,800</u>
Total Liabilities	<u>2,800</u>	<u>2,800</u>
Fund Balances:		
Reserved For:		
State Statute	9,166	9,166
Unreserved	<u>149,323</u>	<u>149,323</u>
Total Fund Balances	<u>158,489</u>	<u>158,489</u>
Total Liabilities and Fund Balances	\$ <u><u>161,289</u></u>	\$ <u><u>161,289</u></u>

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	PARTF Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues		
Restricted Intergovernmental	\$ 68,305	\$ 68,305
Expenditures		
Parks and Recreation	159,603	159,603
Excess (Deficiency) of Revenues Over Expenditures	(91,298)	(91,298)
Other Financing Sources		
Transfers from Other Funds	-	-
Net Change in Fund Balance	(91,298)	(91,298)
Fund Balance, Beginning	249,787	249,787
Fund Balance, Ending	\$ 158,489	\$ 158,489



Nonmajor Governmental Funds

Capital Project Funds



CITY OF ARCHDALE, NORTH CAROLINA
 Capital Projects Funds
 PARTF Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2010

	Actual				
	Project Authorization	Prior Year	Current Year	Totals to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental:					
PARTF Grant	\$ 464,469	\$ 208,419	\$ 68,305	\$ 276,724	\$ (187,745)
Expenditures					
Parks and Recreation					
Capital Outlay	928,938	423,101	159,603	582,704	346,234
Revenues Over (Under)					
Expenditures	(464,469)	(214,682)	(91,298)	(305,980)	158,489
Other Financing Sources (Uses)					
Transfers in:					
General Fund	464,469	464,469	-	464,469	-
Total Other Financing Sources (Uses)	464,469	464,469	-	464,469	-
Net Change in Fund Balance	\$ -	\$ 249,787	(91,298)	\$ 158,489	\$ 158,489
Fund Balance, Beginning			249,787		
Fund Balance, Ending			\$ 158,489		



Major Enterprise Funds

Water and Sewer Fund

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Water Charges	\$ 1,348,800	\$ 1,335,154	\$ (13,646)
Sewer Charges	1,899,400	1,860,507	(38,893)
Water and Sewer Taps	3,300	5,400	2,100
Other Operating Revenues	133,500	151,417	17,917
Total Operating Revenues	<u>3,385,000</u>	<u>3,352,478</u>	<u>(32,522)</u>
Nonoperating Revenues			
Investment Earnings	19,000	19,779	779
Sale of Assets	-	1,900	1,900
Total Nonoperating Revenues	<u>19,000</u>	<u>21,679</u>	<u>2,679</u>
Restricted Intergovernmental			
State Grants	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total Revenues	<u>3,474,000</u>	<u>3,444,157</u>	<u>(30,622)</u>
Expenditures			
Salaries and Employee Benefits		434,369	
Water Purchases		534,190	
Waste Disposal and Treatment Costs		413,731	
Other Operating Expenditures		555,793	
Debt Service:			
Principal		494,713	
Interest		218,696	
Water Rights		25,210	
Capital Outlay		303,389	
Total Expenditures	<u>3,168,731</u>	<u>2,980,091</u>	<u>188,640</u>
Revenue Over Expenditures	<u>305,269</u>	<u>464,066</u>	<u>158,018</u>

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)			
Transfers out:			
General Fund	\$ (170,000)	\$ -	\$ 170,000
Total Other Financing Sources (Uses)	<u>(170,000)</u>	<u>-</u>	<u>170,000</u>
 Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	 135,269	 464,066	 328,018
 Fund Balance Appropriated	 <u>(135,269)</u>	 <u>-</u>	 <u>135,269</u>
 Net Change in Fund Balance	 \$ <u>-</u>	 \$ <u>464,066</u>	 \$ <u>463,287</u>

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		\$ <u>464,066</u>	
Reconciling Items:			
Depreciation Expense		(559,873)	
Amortization Expense		(112,500)	
Adjusted Basis in Assets Sold		(2,545)	
Principal Retirement		494,713	
Capital Outlays		303,389	
Accrued Vacation		(6,456)	
Other Postemployment Benefits		(4,092)	
Purchase of Water Rights		25,210	
Contributed Capital		104,813	
Investment Earnings - Water and Sewer Capital Reserve Fund		13,894	
Operating Revenues - Water and Sewer Capital Reserve Fund		<u>31,506</u>	
Total Reconciling Items		<u>288,059</u>	
Net Income		\$ <u><u>752,125</u></u>	

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating Revenues			
Impact Fees	\$ 2,000	\$ 7,200	\$ 5,200
Acreage Fees	-	24,306	24,306
Total Operating Revenues	<u>2,000</u>	<u>31,506</u>	<u>29,506</u>
Nonoperating Revenues			
Investment Earnings	<u>16,900</u>	<u>13,894</u>	<u>(3,006)</u>
Total Revenues	<u>18,900</u>	<u>45,400</u>	<u>26,500</u>
Appropriated Fund Balance	<u>(18,900)</u>	<u>-</u>	<u>70,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 45,400</u>	<u>\$ 45,400</u>



Nonmajor Enterprise Funds

CITY OF ARCHDALE, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Stormwater Fees	\$ 455,100	\$ 460,230	\$ 5,130
Other Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating Revenues			
Investment Earnings	<u>2,000</u>	<u>1,241</u>	<u>(759)</u>
Total Revenues	<u>457,100</u>	<u>461,471</u>	<u>4,371</u>
Expenditures			
Salaries and Employee Benefits		161,944	
Other Operating Expenditures		83,650	
Debt Service:			
Principal		23,940	
Interest		1,664	
Total Expenditures	<u>258,505</u>	<u>271,198</u>	<u>(12,693)</u>
Revenue Over (Under) Expenditures	<u>198,595</u>	<u>190,273</u>	<u>(8,322)</u>
Other Financing Sources (Uses)			
Transfer Out:			
General Fund	<u>(89,000)</u>	<u>(31,156)</u>	<u>57,844</u>
Total Other Financing Sources (Uses)	<u>(89,000)</u>	<u>(31,156)</u>	<u>57,844</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>109,595</u>	<u>159,117</u>	<u>49,522</u>
Fund Balance Appropriated	<u>(109,595)</u>	<u>-</u>	<u>109,595</u>
Net Change in Fund Balance	\$ <u><u>-</u></u>	\$ <u><u>159,117</u></u>	\$ <u><u>159,117</u></u>

CITY OF ARCHDALE, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources			
Over (Under) Expenditures		\$ <u>159,117</u>	
Reconciling Items:			
Depreciation Expense		(18,686)	
Principal Retirement		23,940	
Accrued Vacation		(4,419)	
Other Postemployment Benefits		<u>(1,534)</u>	
Total Reconciling Items		<u>(699)</u>	
Net Income		\$ <u><u>158,418</u></u>	



Other Schedules

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2010

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2009</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-10	\$ -	\$ 2,527,175	\$ 2,508,633	\$ 18,542
2008-09	19,061	-	9,999	9,062
2007-08	2,904	-	431	2,473
2006-07	626	-	241	385
2005-06	435	-	-	435
2004-05	173	-	19	154
2003-04	123	-	1	122
2002-03	224	-	(2)	226
2001-02	107	-	4	103
2000-01	4,858	-	-	4,858
1999-2000	768	-	-	768
	<u>29,279</u>	<u>2,527,175</u>	<u>2,519,326</u>	<u>37,128</u>
Plus Uncollected Taxes Receivable on Registered Vehicles				
2009-10	-	246,588	220,736	25,852
Prior Years	<u>44,487</u>	<u>-</u>	<u>25,828</u>	<u>18,659</u>
	<u>44,487</u>	<u>246,588</u>	<u>246,564</u>	<u>44,511</u>
	\$ <u><u>73,766</u></u>	\$ <u><u>2,773,763</u></u>	\$ <u><u>2,765,890</u></u>	\$ <u><u>81,639</u></u>

Reconcilement with Revenues

Ad Valorem Taxes - General Fund	\$ 2,740,687
Reconciling Items:	
Discounts Allowed	34,539
Taxes Released, Written Off, and Refunds	522
Interest and Penalties Collected	<u>(9,858)</u>
Total Collections and Credits	\$ <u><u>2,765,890</u></u>

CITY OF ARCHDALE, NORTH CAROLINA

Analysis of Current Tax Levy

City-Wide Levy

June 30, 2010

	Town-Wide			Total Levy	
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 954,214,138	\$ 0.290	\$ 2,767,221	\$ 2,520,633	\$ 246,588
Penalties	-		4	4	-
	<u>954,214,138</u>		<u>2,767,225</u>	<u>2,520,637</u>	<u>246,588</u>
Discoveries:					
Current Year Taxes	<u>2,254,483</u>	0.290	<u>6,538</u>	<u>6,538</u>	<u>-</u>
Total Property Valuations	<u>\$ 956,468,621</u>				
Net Levy			2,773,763	2,527,175	246,588
Uncollected Taxes at June 30, 2010			<u>(44,394)</u>	<u>(18,542)</u>	<u>(25,852)</u>
Current Year's Taxes Collected			<u>\$ 2,729,369</u>	<u>\$ 2,508,633</u>	<u>\$ 220,736</u>
Current Levy Collection Percentage			<u>98.40%</u>	<u>99.27%</u>	<u>89.52%</u>



Statistical Section

This part of the City of Archdale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF ARCHDALE, NORTH CAROLINA
Net Assets by Component
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net assets:							
Governmental activities:							
Invested in capital assets, net of related debt	\$ 8,555,195	\$ 9,496,383	\$ 9,786,997	\$ 10,284,364	\$ 10,657,135	\$ 11,065,349	\$ 11,057,050
Restricted	130,527	315,149	224,919	535,723	307,259	649,045	842,190
Unrestricted	<u>3,695,714</u>	<u>3,583,948</u>	<u>3,993,898</u>	<u>4,136,658</u>	<u>4,994,860</u>	<u>5,861,715</u>	<u>6,715,356</u>
Total governmental activities net assets	<u>\$ 12,381,436</u>	<u>\$ 13,395,480</u>	<u>\$ 14,005,814</u>	<u>\$ 14,956,745</u>	<u>\$ 15,959,254</u>	<u>\$ 17,576,109</u>	<u>\$ 18,614,596</u>
Business-type activities:							
Invested in capital assets, net of related debt	\$ 11,743,838	\$ 13,516,821	\$ 13,402,899	\$ 15,623,270	\$ 17,079,546	\$ 17,033,149	\$ 17,291,610
Unrestricted	<u>3,670,380</u>	<u>2,273,371</u>	<u>2,457,935</u>	<u>2,162,621</u>	<u>2,703,903</u>	<u>3,397,355</u>	<u>4,049,437</u>
Total business-type activities net assets	<u>\$ 15,414,218</u>	<u>\$ 15,790,192</u>	<u>\$ 15,860,834</u>	<u>\$ 17,785,891</u>	<u>\$ 19,783,449</u>	<u>\$ 20,430,504</u>	<u>\$ 21,341,047</u>
Primary government							
Invested in capital assets, net of related debt	\$ 20,299,033	\$ 23,013,204	\$ 23,189,896	\$ 25,907,634	\$ 27,736,681	\$ 28,098,498	\$ 28,348,660
Restricted	130,527	315,149	224,919	535,723	307,259	649,045	842,190
Unrestricted	<u>7,366,094</u>	<u>5,857,319</u>	<u>6,451,833</u>	<u>6,299,279</u>	<u>7,698,763</u>	<u>9,259,070</u>	<u>10,764,793</u>
Total primary government net assets	<u>\$ 27,795,654</u>	<u>\$ 29,185,672</u>	<u>\$ 29,866,648</u>	<u>\$ 32,742,636</u>	<u>\$ 35,742,703</u>	<u>\$ 38,006,613</u>	<u>\$ 39,955,643</u>

Data is presented since implementation of Government Accounting Standards Board Statement No. 34.

SOURCE: THE SOURCES FOR THE DATA PROVIDED IN THE FINANCIAL TRENDS PORTION OF THE STATISTICAL SECTION ARE THE CURRENT AND PRIOR YEARS' AUDITED FINANCIAL STATEMENTS FOR THE CITY.

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Assets
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 686,716	\$ 706,813	\$ 546,520	\$ 850,687	\$ 777,112	\$ 702,448	\$ 602,118
Public safety	1,599,896	1,795,182	2,043,100	2,043,236	2,390,055	2,398,905	2,390,917
Transportation	546,605	660,865	920,710	705,117	997,130	528,259	585,673
Cultural and recreation	693,243	750,125	832,645	897,823	958,280	983,020	1,041,966
Environmental protection	538,647	565,356	616,886	601,504	680,868	675,947	686,145
Community Promotions	43,920	47,018	116,302	118,170	60,111	57,553	62,317
Interest on Long-Term Debt	69,382	28,135	27,659	21,715	15,656	10,085	42,747
Total Governmental Activities Expenses	4,178,409	4,553,494	5,103,822	5,238,252	5,879,212	5,356,217	5,411,883
Business-Type Activities:							
Water and Sewer	1,710,518	1,985,749	2,218,056	2,294,300	2,487,739	2,442,785	2,839,700
Stormwater	-	-	-	-	133,284	232,013	271,897
	1,710,518	1,985,749	2,218,056	2,294,300	2,621,023	2,674,798	3,111,597
Total primary government expenses	\$ 5,888,927	\$ 6,539,243	\$ 7,321,878	\$ 7,532,552	\$ 8,500,235	\$ 8,031,015	\$ 8,523,480
Program revenues							
Governmental activities:							
Charges for services:							
General government	\$ 28,152	\$ 35,564	\$ 37,518	\$ 71,701	\$ 68,934	\$ -	\$ 53,425
Environmental protection	383,099	390,055	401,766	588,702	699,511	774,693	730,311
Cultural and recreation	255,480	223,661	209,955	239,823	331,801	263,133	189,902
Operating grants and contributions:							
Public safety	60,395	75,499	73,240	105,835	103,387	143,087	159,607
Transportation	270,350	303,554	299,000	293,996	328,634	302,323	269,100
Cultural and recreation	-	33,000	30,000	38,523	-	10,000	10,000
Capital grants and contributions:							
Public safety	27,541	-	-	62,869	30,625	-	-
Cultural and recreation	168,500	98,142	175,000	-	-	208,419	68,305
Total governmental activities program revenues	1,193,517	1,159,475	1,226,479	1,401,449	1,562,892	1,701,655	1,480,650
Business-type activities:							
Water and sewer:							
Charges for services	1,960,508	2,119,762	2,389,519	2,743,188	3,084,629	2,994,517	3,383,984
Operating grants and contributions	39,923	15,974	-	-	-	-	70,000
Capital grants and contributions	96,462	172,022	-	1,390,083	1,383,087	-	104,813
Stormwater:							
Charges for services	-	-	-	-	189,309	460,476	460,230
Total business-type activities program revenues	2,096,893	2,307,758	2,389,519	4,133,271	4,657,025	3,454,993	4,019,027
Total primary government program revenues	\$ 3,290,410	\$ 3,467,233	\$ 3,615,998	\$ 5,534,720	\$ 6,219,917	\$ 5,156,648	\$ 5,499,677

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Assets
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010
Total net (expense) revenue by program:							
Governmental activities:							
General government	\$ (658,564)	\$ (671,249)	\$ (509,002)	\$ (778,986)	\$ (708,178)	\$ (702,448)	\$ (548,693)
Public safety	(1,511,960)	(1,719,683)	(1,969,860)	(1,874,532)	(2,256,043)	(2,255,818)	(2,231,310)
Transportation	(276,255)	(357,311)	(621,710)	(411,121)	(668,496)	(225,936)	(316,573)
Cultural and recreation	(269,263)	(395,322)	(417,690)	(619,477)	(626,479)	(501,468)	(773,759)
Environmental protection	(155,548)	(175,301)	(215,120)	(12,802)	18,643	98,746	44,166
Community promotions	(43,920)	(47,018)	(116,302)	(118,170)	(60,111)	(57,553)	(62,317)
Interest on Long-Term Debt	(69,382)	(28,135)	(27,659)	(21,715)	(15,656)	(10,085)	(42,747)
Business-type activities:							
Water and sewer	386,375	322,009	171,463	1,838,971	1,979,977	551,732	719,097
Stormwater	-	-	-	-	56,025	228,463	188,333
Total net program (expense) revenue	<u>\$ (2,598,517)</u>	<u>\$ (3,072,010)</u>	<u>\$ (3,705,880)</u>	<u>\$ (1,997,832)</u>	<u>\$ (2,280,318)</u>	<u>\$ (2,874,367)</u>	<u>\$ (3,023,803)</u>
General revenues and transfers							
Governmental activities:							
Taxes:							
Property taxes, levied for general purposes	\$ 1,751,785	\$ 2,079,345	\$ 2,154,189	\$ 2,230,374	\$ 2,689,352	\$ 2,747,042	\$ 2,745,826
Other taxes	1,545,598	1,552,343	1,622,017	1,705,078	1,680,961	2,129,725	1,447,948
Grants and contributions not restricted to specific programs	325,079	355,546	412,777	493,998	571,256	118,666	576,040
Investment earnings, unrestricted	32,037	67,203	171,230	228,326	208,757	73,684	44,823
Miscellaneous	103,905	218,626	17,464	28,737	58,503	-	123,927
Transfers	105,000	135,000	110,000	110,000	110,000	202,300	31,156
Total governmental activities general revenues and transfers	<u>3,863,404</u>	<u>4,408,063</u>	<u>4,487,677</u>	<u>4,796,513</u>	<u>5,318,829</u>	<u>5,271,417</u>	<u>4,969,720</u>
Business-type activities:							
Water and sewer:							
Investment earnings, unrestricted	32,492	60,152	146,283	196,106	71,556	69,160	34,914
Miscellaneous	(11,690)	128,813	-	-	-	-	(645)
Transfers	(105,000)	(135,000)	(110,000)	(110,000)	(110,000)	(100,000)	-
Stormwater:							
Transfers	-	-	-	-	-	(102,300)	(31,156)
Total business-type activities general revenues and transfers	<u>(84,198)</u>	<u>53,965</u>	<u>36,283</u>	<u>86,106</u>	<u>(38,444)</u>	<u>(133,140)</u>	<u>3,113</u>
Total net program (expense) revenue	<u>(2,598,517)</u>	<u>(3,072,010)</u>	<u>(3,705,880)</u>	<u>(1,997,832)</u>	<u>5,280,385</u>	<u>5,138,277</u>	<u>4,972,833</u>
Total change in net assets:							
Governmental activities	878,512	1,014,044	610,334	959,710	1,002,509	1,616,855	1,038,487
Business-type activities	<u>302,177</u>	<u>375,974</u>	<u>207,746</u>	<u>1,925,077</u>	<u>1,997,558</u>	<u>647,055</u>	<u>910,543</u>
Total primary government	<u>\$ 1,180,689</u>	<u>\$ 1,390,018</u>	<u>\$ 818,080</u>	<u>\$ 2,884,787</u>	<u>\$ 3,000,067</u>	<u>\$ 2,263,910</u>	<u>\$ 1,949,030</u>

Data is presented since implementation of Government Accounting Standards Board Statement No. 34.

CITY OF ARCHDALE, NORTH CAROLINA
Fund Balance - Governmental Funds
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fund Balance										
General Fund										
Reserved:										
Reserved for prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 18,383	\$ 22,544	\$ 590	\$ 4,272	\$ 36,736	\$ 6,712
Reserved for encumbrance										6,380
Reserved by state statute	364,489	380,319	492,446	585,081	609,117	668,146	732,492	732,492	653,358	632,602
Reserved for streets - Powell Bill	-	-	-	130,527	278,507	202,351	499,509	253,990	533,516	777,708
Reserved for public safety	-	-	-	-	36,642	22,568	36,214	53,269	115,529	64,482
Reserved for recreation	-	-	90,568	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent year's expenditures	205,400	84,341	-	-	-	506,175	570,174			237,740
Designated for economic development	-	-	-	100,000	150,000	175,000	200,000	225,000	250,000	275,000
Undesignated	1,621,528	1,987,379	2,485,862	3,119,435	2,898,372	2,764,380	2,817,573	3,854,491	4,866,647	5,397,050
Total general fund	\$ 2,191,417	\$ 2,452,039	\$ 3,068,876	\$ 3,935,043	\$ 3,991,021	\$ 4,361,164	\$ 4,856,552	\$ 5,123,514	\$ 6,455,786	\$ 7,397,674
All other governmental funds										
Reserved:										
Reserved by state statute, capital projects fund	\$ 798	\$ 3,688	\$ 5,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,428
Undesignated, capital projects fund	721,813	15,326	27,296	-	-	-	-	370,794	249,787	334,092
Total all other governmental funds	\$ 722,611	\$ 19,014	\$ 32,499	\$ -	\$ -	\$ -	\$ -	\$ 370,794	\$ 249,787	\$ 364,520

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Ad Valorem Taxes	\$ 1,249,517	\$ 1,590,279	\$ 1,704,264	\$ 1,765,357	\$ 2,061,175	\$ 2,144,485	\$ 2,229,562	\$ 2,681,936	\$ 2,731,675	\$ 2,740,687
Unrestricted Intergovernmental	1,466,751	1,310,087	1,518,424	1,782,310	1,810,447	1,938,044	2,142,614	2,237,515	2,115,009	2,019,255
Restricted Intergovernmental	320,712	315,372	622,470	524,630	384,685	487,871	383,133	432,021	663,829	507,012
Licenses and Permits	16,229	17,672	102,101	116,171	35,155	37,518	71,701	68,934	59,260	53,425
Sales and Services	-	-	557,121	638,579	720,759	798,005	998,077	1,046,014	993,282	933,738
Investment Earnings	246,961	123,045	68,416	34,541	71,391	165,637	228,326	208,757	118,666	44,823
Miscellaneous	562,500	710,932	98,523	103,905	127,245	17,300	33,737	58,503	73,684	115,135
Total Revenues	3,862,670	4,067,387	4,671,319	4,965,493	5,210,857	5,588,860	6,087,150	6,733,680	6,755,405	6,414,075
Expenditures										
General Government	589,756	518,054	560,467	606,317	700,673	680,430	832,721	942,230	914,324	870,127
Public Safety	1,287,735	1,269,962	1,357,465	1,484,886	1,669,023	1,718,094	1,891,888	2,009,768	1,972,586	1,916,452
Public Works	590,810	473,674	692,438	518,374	625,026	864,406	649,937	934,024	458,580	519,641
Sanitation	459,605	449,894	462,517	538,647	565,356	616,886	601,504	680,868	675,947	686,145
Cultural and Recreation	813,222	1,273,950	552,101	592,790	653,056	729,577	804,858	928,693	825,201	856,317
Community Promotions	33,014	39,980	44,110	106,420	47,018	116,302	118,170	60,111	57,553	62,317
Capital Outlay	533,291	337,663	229,177	770,799	781,324	373,207	588,574	436,122	703,122	1,492,510
Debt Service:										
Principal	-	100,000	100,000	203,152	220,268	202,155	192,395	198,452	129,042	202,354
Interest	-	47,185	42,092	69,382	28,135	27,660	21,715	15,656	10,085	42,747
Total Expenditures	4,307,433	4,510,362	4,040,367	4,890,767	5,289,879	5,328,717	5,701,762	6,205,924	5,746,440	6,648,610
Excess of Revenues Over (Under)										
Expenditures	(444,763)	(442,975)	630,952	74,726	(79,022)	260,143	385,388	527,756	1,008,965	(234,535)
Other Financing Sources (Uses), Net										
Operating Transfers	-	-	-	105,000	135,000	110,000	110,000	110,000	202,300	31,156
Proceeds from Issuance of Debt	1,000,000	-	-	590,000	-	-	-	-	-	1,260,000
Prior Period Adjustment	-	-	-	63,312	-	-	-	-	-	-
Total Change in Fund Balance	555,237	(442,975)	630,952	833,038	55,978	370,143	495,388	637,756	1,211,265	1,056,621
			630,322	833,668						
Debt Service as a Percentage of			630	(630)						
Noncapital Expenditures	0.00%	3.53%	3.73%	6.61%	5.51%	4.64%	4.19%	3.71%	2.76%	4.75%

Beginning in 2003 capital outlay includes only items valued in excess of \$5,000.

CITY OF ARCHDALE, NORTH CAROLINA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Beer and Wine Tax	Inventories Tax Reimbursement	Total
2001	1,249,517	1,127,976	300,397	-	38,378	2,716,268
2002	1,590,279	1,096,650	175,580	-	37,857	2,900,366
2003	1,704,264	1,204,758	312,451	1,215	-	3,222,688
2004	1,765,357	1,457,231	323,141	1,233	-	3,546,962
2005	2,061,175	1,454,901	353,547	1,270	-	3,870,893
2006	2,144,485	1,525,103	395,033	16,935	-	4,081,556
2007	2,229,562	1,648,616	450,392	42,542	-	4,371,112
2008	2,681,936	1,666,259	526,844	43,615	-	4,918,654
2009	2,731,675	1,519,428	551,551	43,214	-	4,845,868
2010	2,740,687	1,443,215	561,331	13,960	-	4,759,193
Change from 2001 to 2010	119.34%	27.95%	86.86%			75.21%

In North Carolina, property tax would be considered an own-source revenue. Information about the tax rate and assessed value is found in the Revenue Capacity tables in the Statistical Section. Archdale's tax rate is .29 per \$100 of assessed valuation.

Sales tax revenue is distributed to Archdale from Randolph County under the per capita distribution formula and from Guilford County under the ad valorem distribution formula. Sales tax revenue declined in 2010 because of a reduction in consumer spending during the recession.

Video franchise fee added starting in 2007.

A city or county is eligible to share in beer or wine excise tax revenues if beer or wine may legally be sold within its boundaries. Beer and wine tax was received for Guilford County population until a 2006 referendum approved sales throughout the rest of the city.

The State of North Carolina repealed the inventory tax reimbursement in 2002.

CITY OF ARCHDALE, NORTH CAROLINA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Net Tax Levy	Collection within the Fiscal Year of Levy		Collection in Subsequent Years	Total Tax Collections	Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes
		Amount	Percent				
2001	\$ 1,083,480	\$ 1,075,452	99.26%	\$ 3,170	\$ 1,078,622	99.55%	\$ 4,858
2002	\$ 1,425,884	\$ 1,418,810	99.50%	\$ 6,971	\$ 1,425,781	99.99%	\$ 103
2003	\$ 1,522,255	\$ 1,518,447	99.75%	\$ 3,582	\$ 1,522,029	99.99%	\$ 226
2004	\$ 1,578,251	\$ 1,574,206	99.74%	\$ 3,923	\$ 1,578,129	99.99%	\$ 122
2005	\$ 1,877,693	\$ 1,873,223	99.76%	\$ 4,316	\$ 1,877,539	99.99%	\$ 154
2006	\$ 1,928,399	\$ 1,922,696	99.70%	\$ 5,268	\$ 1,927,964	99.98%	\$ 435
2007	\$ 2,038,225	\$ 2,032,654	99.73%	\$ 5,186	\$ 2,037,840	99.98%	\$ 385
2008	\$ 2,453,313	\$ 2,445,656	99.69%	\$ 5,184	\$ 2,450,840	99.90%	\$ 2,473
2009	\$ 2,531,434	\$ 2,512,373	99.25%	\$ 9,999	\$ 2,512,373	99.25%	\$ 9,062
2010	\$ 2,527,175	\$ 2,508,633	99.27%	N/A	\$ 2,508,633	99.27%	\$ 18,542

Source: City of Archdale audited financial statements.

City of Archdale property taxes are collected by the Randolph County and Guilford County Tax Departments.

Net Tax Levy shown above excludes taxes levied on motor vehicles.

Randolph County does not separate prior year collection and delinquent balances of motor vehicle taxes by year.

On average, 89.52% of the motor vehicles net levy is collected in the current year. The \$18,659 balance of prior year motor vehicle tax due is .82% of the cumulative motor vehicle taxes levied for fiscal years ending June 30,2000 through June 30,2009.

CITY OF ARCHDALE, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	Randolph County					Guilford County			
	City of Archdale	Randolph County	Guil-Rand Fire District	Archdale Trinity School District	Combined Tax Rate	City of Archdale	Guilford County	Guil-Rand Fire District	Combined Tax Rate
2001	0.24	0.5125	0.1000	0.085	0.9375	0.24	0.6372	0.1000	0.9772
2002	0.23	0.4800	0.1000	0.075	0.8850	0.23	0.6742	0.1000	1.0042
2003	0.23	0.4800	0.1000	0.075	0.8850	0.23	0.6742	0.1000	1.0042
2004	0.23	0.5000	0.1000	0.075	0.9050	0.23	0.7135	0.0725	1.0160
2005	0.26	0.5000	0.1000	0.085	0.9450	0.26	0.6184	0.0861	0.9645
2006	0.26	0.5250	0.1000	0.085	0.9700	0.26	0.6428	0.0861	0.9889
2007	0.26	0.5350	0.1000	0.085	0.9800	0.26	0.6615	0.1000	1.0215
2008	0.29	0.5350	0.1000	0.085	1.0100	0.29	0.6914	0.1000	1.0814
2009	0.29	0.5550	0.1000	0.090	1.0350	0.29	0.7374	0.1000	1.1274
2010	0.29	0.5550	0.1000	0.090	1.0350	0.29	0.7374	0.1000	1.1274

Source: Randolph and Guilford County Finance Departments.
The majority of Archdale is in Randolph County.

CITY OF ARCHDALE, NORTH CAROLINA
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	Public Service Companies	Total	Estimated	Ratio of Total Assessed Value to Total Estimated Actual Value	Property Tax Rate (per \$100 Assessed Value)
	Assessed Value	Estimated Actual Value	Assessed Value	Assessed Value	Assessed Value	Actual Value		
2001	372,903,393	578,084,089	146,895,176	13,666,015	533,464,584	738,645,280	72.22%	0.24
2002	538,820,000	557,371,841	151,319,808	19,917,148	710,056,956	728,608,797	97.45%	0.23
2003	575,653,098	633,404,656	158,696,298	20,533,213	754,882,609	812,634,167	92.89%	0.23
2004	597,303,116	672,695,583	161,469,727	18,696,722	777,469,565	852,862,032	91.16%	0.23
2005	627,119,703	710,313,221	164,940,876	18,244,806	810,305,385	893,498,903	90.69%	0.26
2006	650,146,088	753,189,180	170,334,169	16,576,282	837,056,539	940,099,631	89.04%	0.26
2007	663,371,755	768,779,390	196,505,677	17,193,722	877,071,154	982,478,789	89.27%	0.26
2008	742,999,215	766,570,641	172,818,385	21,289,986	937,107,586	960,679,012	97.55%	0.29
2009	764,206,155	793,814,171	178,882,859	22,891,676	965,980,690	995,588,706	97.03%	0.29
2010	775,389,838	777,271,732	162,585,464	18,493,319	956,468,621	958,350,515	99.80%	0.29

Sources: Randolph County Tax Department and the Finance Departments for Randolph and Guilford Counties.

A revaluation of all property is required every eight (8) years by state statute.

Real property in Randolph County was revalued on January 1, 2007. Real property in Guilford County was revalued on January 1, 2005.

Personal property is appraised each year and assessed at 100% of appraised value.

Fiscal Year	Ratio of Assessed Value to Estimated Actual Value of Real Property	
	Randolph County	Guilford County
2001	63.91%	88.50%
2002	96.99%	84.77%
2003	91.08%	83.19%
2004	89.00%	80.60%
2005	88.00%	99.35%
2006	86.00%	98.95%
2007	86.00%	96.90%
2008	97.00%	94.30%
2009	96.00%	93.60%
2010	100.00%	92.60%

CITY OF ARCHDALE, NORTH CAROLINA

Principal Taxpayers For the Year
Fiscal Years Ended June 30, 2010 and 2001

Taxpayer	Type of Enterprise	Fiscal Year 2010	
		Assessed Valuation	Percent of Total Assessed Valuation
Sealy	Mattress Manufacturer	\$ 34,843,826	3.64%
J L Darr & Son	Real Estate Developer/Contractor	16,079,288	1.68%
Thomas Built Buses	Bus Manufacturer	15,774,487	1.65%
Walker, Billy R	Real Estate Developer/Contractor	11,678,800	1.22%
Hafele America Co	Architectural Hardware Manufacturer	11,747,502	1.23%
North State Telephone	Communications	9,236,409	0.97%
BMA Brookwood Apartments LLC	Property Management/Rental	8,413,890	0.88%
Daly GC, Inc	Hotel Developer/Management	7,885,111	0.82%
Alexandra Holdings, Inc.	Real Estate Developer/Management	6,168,990	0.64%
United Furniture Industries NC	Furniture Manufacturer	5,150,390	0.54%
Total		<u>\$ 126,978,693</u>	13.28%

Taxpayer	Type of Enterprise	Fiscal Year 2001	
		Assessed Valuation	Percent of Total Assessed Valuation
Sealy	Mattress Manufacturer	\$ 18,552,211	3.48%
North State Telephone	Communications	7,518,597	1.41%
Unifi, Inc.	Yarn Manufacturer	2,972,682	0.56%
Hafele America Co	Architectural Hardware Manufacturer	7,264,893	1.36%
Benchmark Brookwood	Property Management/Rental	7,071,297	1.33%
Bryant Electric Company, Inc.	Electric Contractor	4,814,684	0.90%
Alexandra Holdings, Inc.	Real Estate Developer/Management	5,632,620	1.06%
Billy R. Walker	Real Estate Developer/Contractor	5,351,120	1.00%
Daly GC, Inc	Hotel Developer/Management	2,949,190	0.55%
Archdale Nursing Center	Assisted Living	2,878,269	0.54%
Total		<u>\$ 65,005,563</u>	12.19%

Source: Randolph County Tax Department.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Legal Debt Margin and Actual Debt
 Last Ten Fiscal Years

Fiscal Year	Assessed Valuation	Legal Debt Limit	Installment Debt	Legal Debt Margin	Ratio of Outstanding Debt to Debt Limit
2001	533,464,584	42,677,167	-	42,677,167	0.000%
2002	710,056,956	56,804,556	875,000	55,929,556	1.540%
2003	754,882,609	60,390,609	775,000	59,615,609	1.283%
2004	777,469,565	62,197,565	1,161,849	61,035,716	1.868%
2005	810,305,385	64,824,431	941,581	63,882,850	1.453%
2006	837,056,539	66,964,523	739,425	66,225,098	1.104%
2007	877,071,154	70,165,692	547,031	69,618,661	0.780%
2008	937,107,586	74,968,607	348,579	74,620,028	0.465%
2009	965,980,690	77,278,455	219,537	77,058,918	0.284%
2010	956,468,621	76,517,490	966,119	75,551,371	1.263%

Under North Carolina General Statutes, the net debt of the City is not to exceed eight percent (8%) of the assessed value of property subject of taxation by the City. All debt issued for Archdale's government activities has been installment contract financing, where the financed asset is collateral for the debt.

Excludes business-type activities.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2010

Jurisdiction	Outstanding Debt	Percentage Applicable to Archdale	Amount Applicable to Archdale
Randolph County			
Total direct debt	\$ 126,351,593	9.10%	11,501,124
Guilford County			
General obligation debt/utility	\$ 18,441,172		
General obligation debt/other	\$ 794,968,828		
Lease purchase debt	4,147,088		
	<u>\$ 817,557,088</u>	2.13%	<u>17,410,331</u>
Subtotal, overlapping debt			28,911,455
City of Archdale			
Installment purchases			<u>1,277,183</u>
Total direct and overlapping debt			<u><u>\$ 30,188,638</u></u>

Sources: Outstanding debt and assessed value data provided by each governmental unit.

Includes all governmental activities debt.

Residents and businesses located within the City of Archdale boundaries are also in Randolph or Guilford County. Some businesses may extend into both counties. The purpose of this schedule is recognize that the entire debt burden borne by the residents and businesses should be taken into account when calculating the government's ability to issue and repay long-term debt.

The percentage of overlapping debt applicable to the City of Archdale is estimated using taxable assessed value information. Property tax is the largest governmental activities revenue source for these units and the rates are adopted by the governing boards in their annual budgets.

CITY OF ARCHDALE, NORTH CAROLINA

Outstanding Debt Ratios

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government Debt	Ratio of Outstanding Debt to Personal Income	Total Outstanding Debt per Capita
	Installment Financing	Outstanding Debt per Capita	Installment Financing	Outstanding Debt per Capita			
2001	975,000	108	878,700	98	1,853,700	0.70%	206
2002	875,000	95	-	-	875,000	0.32%	95
2003	775,000	84	4,845,000	523	5,620,000	2.03%	607
2004	1,161,849	124	4,602,750	493	5,764,599	1.96%	617
2005	941,581	100	4,360,500	466	5,302,081	1.73%	566
2006	739,425	78	8,463,331	894	9,202,756	2.84%	972
2007	547,031	57	7,994,954	839	8,541,985	2.56%	896
2008	348,579	36	7,596,733	785	7,945,312	2.32%	821
2009	219,537	22	7,088,071	724	7,307,608	2.18%	746
2010	1,277,183	129	6,569,418	666	7,846,601	2.32%	795

Population data is shown on the Demographic Statistics schedule.

Personal income was determined by multiplying population by per capita income, as shown on the Demographic Statistics schedule.

Percentages for 2010 were calculated using personal income amounts for 2009, the last year data is available.

CITY OF ARCHDALE, NORTH CAROLINA

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Archdale Population (1)	Greensboro- High Point MSA Population (2)	Total Personal Income (2) (Thousands of Dollars)	Per Capita Income (2)	Unemployment Rate (3)	Archdale- Trinity Public School Enrollment (4)
2001	9,007	652,373	19,154,352	29,361	5.4	4,530
2002	9,208	656,811	19,321,051	29,416	6.5	4,612
2003	9,257	661,123	19,795,996	29,943	6.5	4,668
2004	9,339	665,024	20,943,575	31,493	5.6	4,746
2005	9,369	673,638	21,983,242	32,634	5.2	4,814
2006	9,472	685,582	23,432,407	34,179	4.8	4,914
2007	9,530	696,287	24,421,420	35,074	4.9	4,983
2008	9,682	707,185	25,037,948	35,405	6.3	5,060
2009	9,791	(5)	24,516,000	34,300	11.3	5,060
2010	9,868	(5)	(5)	(5)	(5)	5,086

Source: (1) Office of Budget and Management for the State of North Carolina.

(2) Bureau of Economic Analysis Information for the Greensboro-High Point Metropolitan Statistical Area.
The July 2010 unemployment rate, not seasonally adjusted, is 11.7%

(3) Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, Annual Average Rankings

(4) Randolph County School Administration.

(5) Information is unavailable.

CITY OF ARCHDALE, NORTH CAROLINA

Principal Employers For the Year

Fiscal Year Ended June 30, 2010

Employer	Type of Enterprise	Number of Employees	Percentage of Randolph County Total Employment
Thomas Built Buses	Bus Manufacturer	1,250 *	1.913%
Sealy	Mattress Manufacturer	500	0.765%
United Furniture	Furniture Manufacturer	400 *	0.612%
Hafele America Co.	Architectural Hardware Manufacturer	185	0.283%
Hendrix Batting Co.	Cotton Batting Manufacturer	180	0.276%
Stickley Furniture Company	Furniture Manufacturer	165	0.253%
Randolph County School District	Public School	158	0.242%
Dar/Ran Furniture Industries, Inc	Furniture Manufacturer	130	0.199%
Wayne Industries	Upholstery Manufacturer	115	0.176%
Hubbell Industrial Controls, Inc.	Commercial Equipment	110	0.168%

Information provided by individual businesses based on leads provided by the Archdale-Trinity Chamber of Commerce, the Randolph County Economic Development Corporation (RCEDC), and city records.

* Thomas Built Buses is partially located in High Point and United Furniture Co. is partially located in Trinity.

Total employment within the City of Archdale is not available.

RCEDC reports the approximate number of employees in Archdale's industrial base is 4,143.

Employment data for the period nine years ago has not been not researched. There were no comprehensive sources found for City of Archdale employment data.

CITY OF ARCHDALE, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety:										
Calls for Service	8,026	8,861	9,491	9,815	10,760	11,085	14,498	16,141	14,523	11,018
Traffic Accidents	344	415	446	475	433	558	534	537	493	504
Vice/Narcotic Calls	55	72	70	55	71	62	58	58	44	45
Animal Control Calls	437	780	851	780	631	646	474	879	618	508
Planning & Zoning:										
Zoning Permits Issued	218	190	190	188	160	159	133	146	99	90
Complaints Investigated	95	122	122	165	NA	117	270	294	355	301
Zoning Cases Prepared	10	10	10	11	17	23	10	10	9	8
Public Works:										
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:										
Summer Camp Participants	125	120	100	100	125	100	100	115	111	81
Youth Athletic Program Participants	548	656	752	888	943	1,115	960	936	1,230	934
After School Program Participants	90	90	90	90	90	70	65	58	55	34
Utility System:										
Number of Water Accounts Billed - June	3,763	3,928	4,040	4,201	4,366	4,479	4,760	4,843	4,866	4,900
Gallons of Water Billed	217,036,200	252,535,150	213,169,250	251,635,100	250,417,896	273,840,500	276,955,600	276,984,112	260,908,900	252,411,590
Sewer Treatment Gallons	216,662,300	220,940,810	500,786,900	361,726,074	365,903,625	344,366,000	373,936,350	313,740,650	339,413,550	355,098,272

Sources: Various City Departments.

CITY OF ARCHDALE, NORTH CAROLINA
Full-Time City Government Employees by Function
Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government	6	6	7	7	7	8	9	9	9	9
Public Safety:										
Sworn Officers	22	22	22	22	22	24	25	25	25	25
Civilian	4	4	5	5	5	5	6	6	6	6
Public Works	6	6	6	7	7	7	7	6	6	6
Cultural & Recreation	5	5	5	5	5	6	7	7	7	8
General Fund	43	43	45	46	46	50	54	53	53	54
Enterprise Fund	8	7	8	9	9	9	10	11	11	11
City Total	<u>51</u>	<u>50</u>	<u>53</u>	<u>55</u>	<u>55</u>	<u>59</u>	<u>64</u>	<u>64</u>	<u>64</u>	<u>65</u>

Source: City of Archdale budget.

This schedule includes only regular full-time employees.

In addition, there are many seasonal part-time employees for summer camp and after-school care in the cultural and recreation service area.

CITY OF ARCHDALE, NORTH CAROLINA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Municipal Buildings	6	6	6	6	7	7	7	7	8	8
Public Safety:										
Police Vehicles	12	17	21	23	25	25	27	27	23	26
Public Works:										
Streets (Miles-Paved)	44.02	44.09	44.48	43.86	45.82	45.50	45.61	49.9	48.46	48.74
Streets (Miles-Unpaved)	1.03	1.03	1.03	1.03	1.03	1.70	1.7	2.52	2.52	2.24
Sidewalks (Linear Feet)	7,490	7,490	8,000	8,000	8,000	9,100	9,100	13,147	26,717	26,717
Culture and Recreation:										
Park Acreage	58.6	58.6	73.1	78.9	98.1	101.0	101.0	101.6	101.6	102.0
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Ball Fields	2	2	2	3	3	3	3	3	3	3
Playgrounds	3	3	3	3	3	3	3	3	3	3
Picnic Shelters	2	2	2	2	2	2	2	2	2	2
Greenways (Linear Feet)	6,600	6,600	6,600	6,600	6,600	6,600	10,496	13,301	13,728	13,728
Utility System:										
Pump Stations	6	6	6	6	6	6	7	9	9	9

Sources: Various City Departments.
Miles of Streets from Powell Bill Reports.





S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the City Council
City of Archdale, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2010, which collectively comprises the City of Archdale's basic financial statements, and have issued our report thereon dated October 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Archdale's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Archdale's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Archdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

S. Preston Douglas & Associates, LLP

October 6, 2010

CITY OF ARCHDALE, NORTH CAROLINA

Schedule of Findings

For the Fiscal Year Ended June 30, 2010

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes

_____ X _____ No

Significant deficiency(s) identified that are
not considered to be material weaknesses

_____ Yes

_____ X _____ No

Noncompliance material to financial statements noted

_____ Yes

_____ X _____ No

CITY OF ARCHDALE, NORTH CAROLINA

Schedule of Findings

For the Fiscal Year Ended June 30, 2010

SECTION II. FINANCIAL STATEMENT FINDINGS

None